EXHIBIT 21

Chat with "Sam Taussig" <+13014129193> and 11 more addresses on April 24, 2020

Deepesh Jain <+12028213408>
Laura Goldberg <+19174880142>
clint@flintriverhills.com
Kathryn Petralia <+16785966422>
+17068880969
+17732949576
Sam Taussig <+13014129193>
Nipun Goel <+16784804635>
Kate Prince <+14049876386>
Kristel Adler <+16094250252>
davidkmcgowan@yahoo.com
Rob Frohwein <rfrohwein@icloud.com>
Rob Frohwein <+14042906116>
Catherine Lynn <+12252796739>

Earliest item: 2020-04-24 00:05:16
Latest item: 2020-04-24 21:50:32

Friday 24 April 2020

Instant Message : Native Messages
From 00:05:16
Kathryn Petralia <+16785966422>

You are asking if our auto system can clear errors?

Instant Message : Native Messages
From 07:53:58
Rob Frohwein <+14042906116>

That was a good night. Almost 5500 applications approved for $320m overnight!

Instant Message : Native Messages
From 07:55:40
Deepesh Jain <+12028213408>

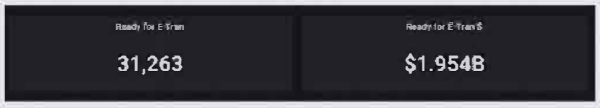
What's the total count now? Sorry, I don't have access to the tool.

Instant Message : Native Messages
From 07:56:19
+17732949576

We've been working hard for 2B...trying to get there before our status...

Instant Message : Native Messages
From 07:56:39
+17732949576

Messages Image(2556519138).jpeg



https://p19-content.icloud.com/MF8C7735ED74AE1D502AE437F1773A361641590A486F5EB571A876DAAC1D6C538.C01USN00

Instant Message : Native Messages
From 07:57:05
Deepesh Jain <+12028213408>

Loved an image

Instant Message : Native Messages
From 08:00:54
Kathryn Petralia <+16785966422>

Loved an image

Instant Message : Native Messages
From 08:01:35
davidkmcgowan@yahoo.com

There is 113mm in just agreeing to our calc, once we email them, we will make it probably to 2 billion

Instant Message : Native Messages
From 08:02:37
Nipun Goel <+16784804635>

We're f'ing getting there - I've been reviewing apps thru the night.

Instant Message : Native Messages
From 08:03:48
Nipun Goel <+16784804635>

(And spenny)

Instant Message : Native Messages
From 08:55:26
Sam Taussig <+13014129193>

Rubio's people are saying e-Tran "should" fire up Monday AM. SBA hasn't confirmed yet.

Instant Message : Native Messages
From 08:55:29
Deepesh Jain <+12028213408>

Looks like it will launching on Monday according to Rubio?

Should get us enough time to get a lot more apps in...

Instant Message : Native Messages
From 08:56:08
Nipun Goel <+16784804635>

Monday am? Are you kidding me?

Instant Message : Native Messages
From 08:56:28
Deepesh Jain <+12028213408>

You can get some sleep now Nipun :-)

Instant Message : Native Messages
From 08:56:32
Kathryn Petralia <+16785966422>

Omg

Instant Message : Native Messages
From 08:56:40
Nipun Goel <+16784804635>

Sam I'm going to kill you lolzzz

Instant Message : Native Messages
From 08:56:42
Sam Taussig <+13014129193>

"Should" is operative word

Instant Message : Native Messages
From 08:56:57
Kathryn Petralia <+16785966422>

Meaning it may be even later?!?

Instant Message : Native Messages
From 08:57:04
Sam Taussig <+13014129193>

Da government gonna do what da government gonna do

Instant Message : Native Messages
From 08:57:19
Nipun Goel <+16784804635>

I've been up all night getting apps approved

Instant Message : Native Messages
From 08:57:29
davidkmcgowan@yahoo.com

You still can't sleep Nipun

Instant Message : Native Messages
From 08:57:58
Sam Taussig <+13014129193>

^ seemingly yes. SBA's response is 🤦‍♂️

I am trying to validate

Instant Message : Native Messages
From 08:58:06
Rob Frohwein <+14042906116>

Let's go team! In the final 3 hours, I mean 72 hours

Instant Message : Native Messages
From 08:58:17
Rob Frohwein <+14042906116>

I mean 168 hours

Instant Message : Native Messages
From 08:58:21
Rob Frohwein <+14042906116>

Oh, wait it's on

Instant Message : Native Messages
From 08:58:25
Rob Frohwein <+14042906116>

No it's off

Instant Message : Native Messages
From 08:58:38
Rob Frohwein <+14042906116>

Let's try to hit $5b before it turns on!

Instant Message : Native Messages
From 08:58:42
Sam Taussig <+13014129193>

You wanted more time

Instant Message : Native Messages
From 08:58:53
Rob Frohwein <+14042906116>

I do

Instant Message : Native Messages
From 08:59:30
Kathryn Petralia <+16785966422>

Welcome to another Monday

Instant Message : Native Messages
From 09:00:46
+17068880969

It's Friday, there are only two more working days until Monday

Instant Message : Native Messages
From 09:01:05
Nipun Goel <+16784804635>

I think we've found EASY areas to throw bodies and hopefully, improving OCR - I got thru at least 3-5mm last night.

Sorry Nan I didn't follow our standard packet process but we f'ing knocked out a ton. 🤦‍♂️🤦‍♂️🤦‍♂️

Instant Message : Native Messages
From 09:01:18
Kathryn Petralia <+16785966422>

My point is that every day is Monday

Instant Message : Native Messages
From 09:01:26
Kathryn Petralia <+16785966422>

Oh

Instant Message : Native Messages
From 09:01:29
Kathryn Petralia <+16785966422>

Instant Message : Native Messages
From 09:01:33
Deepesh Jain <+12028213408>

Loved "I think we've found EASY areas to throw bodies and hopefully, improving OCR - I got thru at least 3-5mm last night.

Sorry Nan I didn't follow our standard packet process but we f'ing knocked out a ton. 🤦🤦🤦"

Instant Message : Native Messages
From 09:03:20
Rob Frohwein <+14042906116>

That's the name of the book and movie "Every Day is Monday"

Instant Message : Native Messages
From 09:19:07
Rob Frohwein <+14042906116>

Our goal should be $5b by Monday

Instant Message : Native Messages
From 09:19:13
Rob Frohwein <+14042906116>

(Or more)

Instant Message : Native Messages
From 09:36:12
Nipun Goel <+16784804635>

ms-FOyhGT.gif



https://p57-content.icloud.com/ME006EA7BC16A8CB262FF056E8E2DD4C520FA719810D4CE6290E101B3D248B098.C01USN00

Instant Message : Native Messages
From 09:49:14
Sam Taussig <+13014129193>

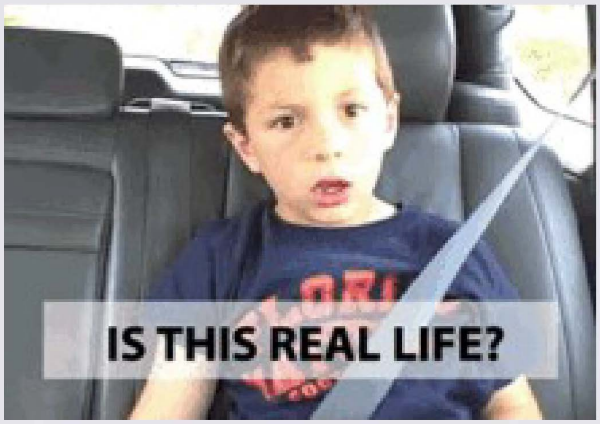
Ok, SBA CoS picked up the phone. There will be a joint release from TRSY and SBA (run by the WH) around when Trump signs with more details.

Briggs can neither "confirm nor deny Monday until the bill is signed" but "SBA needs significant time to update e-Tran". Off the record: they have no fucking idea how to deal with the $60B set aside.

Instant Message : Native Messages
From 10:10:55
Sam Taussig <+13014129193>

Trump aid asked SBA if lenders could put Trump's signature on the loan agreements.

IMG_3225.gif



https://p17-content.icloud.com/MF370CCBA2D25F5E58BE221E42F3D0267E81324AB919EDFA49FD2A489FF8CA0F4.C01USN00

Instant Message : Native Messages
From 10:11:44
+17732949576

If he wants to take the guarantee risk...we will make it happen

Instant Message : Native Messages
From 10:16:42
Rob Frohwein <+14042906116>

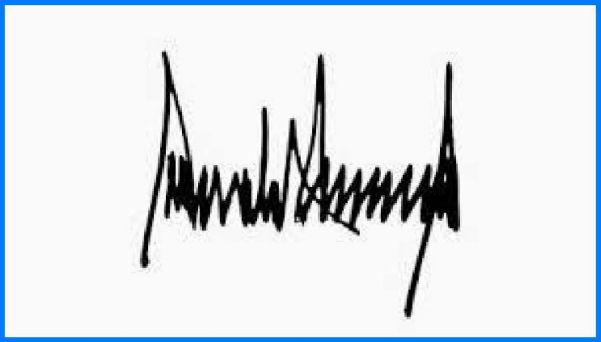
Wish there was an app that could take your name and make it look like Trump's signature with a big black Markie

Instant Message : Native Messages
From 10:17:31
Kathryn Petralia <+16785966422>

Maybe the ink can have bleach in it to fight the virus

Instant Message : Native Messages
From 10:18:30
Rob Frohwein <+14042906116>

Unknown.jpeg

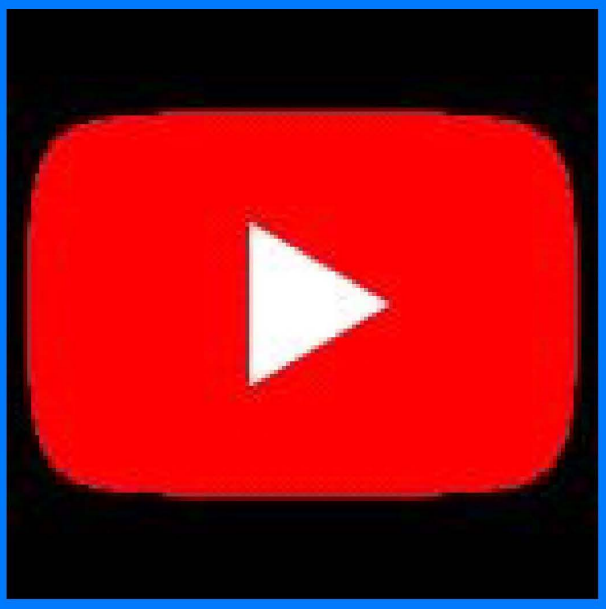


https://p36-content.icloud.com/M14629638F88FEA309515743B5ADC5C0ADF0B40884A3A55C6C0A89F72F5BE7D7F.C01USN00

Instant Message : Native Messages
From 10:19:09
Rob Frohwein <+14042906116>

https://www.youtube.com/watch?v=335Qnh-GRcA

C0F91B3D-473B-4E5E-801F-62368B878F42.pluginPayloadAttachment



761D4F34-7E01-44E4-AB22-FBCC552DFA47.pluginPayloadAttachment



Instant Message : Native Messages
From 10:19:22
Rob Frohwein <+14042906116>

One of my favorite of all time

Instant Message : Native Messages
From 10:22:40
Rob Frohwein <+14042906116>

So someone sent this to Kate. Sam - do you want to follow up with him. Doubt he's accurate - probably is just looking for biz.

voicemail-483.m4a

~/Library/SMS/Attachments/ba/10/10B4D76B-1597-4AAB-9E57-2AAEF1E1034C/voicemail-483.m4a - This file type is not supported for embedded threading. See attached child.

https://p33-content.icloud.com/M14629638F88FEA309515743B5ADC5C0ADF0B4088/4A3A55C6C0A89F72F5BE7D7F.C01USN00

Instant Message : Native Messages
From 10:23:05
Kate Prince <+14049876386>

Sam he has now emailed and texted me too so I can forward the email

Instant Message : Native Messages
From 10:23:38
Rob Frohwein <+14042906116>

He says there's a glaring error in the calc

Instant Message : Native Messages
From 10:23:50
Sam Taussig <+13014129193>

Ok

Instant Message : Native Messages
From 10:24:03
Laura Goldberg <+19174880142>

Let's have CS call

Instant Message : Native Messages
From 10:24:09
Laura Goldberg <+19174880142>

Send to me

Instant Message : Native Messages
From 10:25:02
Rob Frohwein <+14042906116>

Bottom line let's hear what he has to say

Instant Message : Native Messages
From 10:25:26
Laura Goldberg <+19174880142>

Of course

Instant Message : Native Messages
From 10:25:27
Rob Frohwein <+14042906116>

From person (in email): Bob Allard gave me your number. I am a CPA, the Kabbage online application for PPP has a HUGE mistake in how it figures the loan amount that is gonna get you guys in trouble. Call me at 678-362-6547 ASAP

Instant Message : Native Messages
From 10:25:37
+17732949576

We've heard it all before...fine to listen to him but we've gone through this with council

Instant Message : Native Messages
From 10:25:41
Kate Prince <+14049876386>

Laura I sent you email and text

Instant Message : Native Messages
From 10:25:55
Nipun Goel <+16784804635>

Yeah Laura if you can have someone reach out - def need to understand what is. We've had a lot of commentary re: what's right / what's wrong. But we've walked thru all of this with outside counsel.

Instant Message : Native Messages
From 10:26:03
+17732949576

What we were tasked to do by SBA is not possible and our calc gets as close as possible

Instant Message : Native Messages
From 10:26:06
Nipun Goel <+16784804635>

Spenny beat me to the punch.

Instant Message : Native Messages
From 10:26:22
Laura Goldberg <+19174880142>

If he is not a customer/CS isn't right

Instant Message : Native Messages
From 10:26:24
+17732949576

It's not perfect but it's what we can do at a semblance of scale

Instant Message : Native Messages
From 10:26:42
Laura Goldberg <+19174880142>

I can't answer those questions - but will find someone who can

Instant Message : Native Messages
From 10:26:48
Rob Frohwein <+14042906116>

Screen Shot 2020-04-24 at 10.26.31 AM.jpeg



https://p39-content.icloud.com/M14629638F88FEA309515743B5ADC5C0ADF0B40884A3A55C6C0A89F72F5BE7D7F.C01USN00

Instant Message : Native Messages
From 10:26:54
+17732949576

It's also what pretty much everyone else is doing

Instant Message : Native Messages
From 10:26:59
Kathryn Petralia <+16785966422>

Loved an image

Instant Message : Native Messages
From 10:27:00
+17732949576

Emphasized an image

Instant Message : Native Messages
From 10:27:10
Kate Prince <+14049876386>

Emphasized an image

Instant Message : Native Messages
From 10:27:48
Nipun Goel <+16784804635>

If we're going to stick to principles of automation, this is how we accomplish it.

Instant Message : Native Messages
From 11:02:49
Kristel Adler <+16094250252>

Customers Bank is signed (in case you didn't catch it on the call)

Instant Message : Native Messages
From 11:18:21
+17068880969

Liked "Customers Bank is signed (in case you didn't catch it on the call)"

Instant Message : Native Messages
From 12:32:46
Sam Taussig <+13014129193>

Bill signed

Instant Message : Native Messages
From 12:38:00
Rob Frohwein <+14042906116>

I just broke up with CRB as a referring partner but the bank partnership might also be over potentially.

Instant Message : Native Messages
From 12:38:08
Rob Frohwein <+14042906116>

They're complete assholes.

Instant Message : Native Messages
From 12:38:59
+17732949576

No pressure Clint ☹

Instant Message : Native Messages
From 12:39:02
Kathryn Petralia <+16785966422>

Holy Moses

Instant Message : Native Messages
From 12:39:23
clint@flintriverhills.com

Instant Message : Native Messages
From 12:41:52
Rob Frohwein <+14042906116>

We can also re-engage with Celtic if we want, but would want to know that asap.

Instant Message : Native Messages
From 12:42:08
Rob Frohwein <+14042906116>

However, CRB is nothing but a bunch of goons.

Instant Message : Native Messages
From 12:42:22
Deepesh Jain <+12028213408>

What happened with CRB?

Instant Message : Native Messages
From 12:42:23
Kathryn Petralia <+16785966422>

We have to use Celtic's etran thing

Instant Message : Native Messages
From 12:43:11
Rob Frohwein <+14042906116>

We have had two relationships with CRB - referral and banking. I just broke off the referral relationship because they're acting like assholes

Instant Message : Native Messages
From 12:43:29
Rob Frohwein <+14042906116>

I've also offered to cut off the banking relationship

Instant Message : Native Messages
From 12:43:58
Rob Frohwein <+14042906116>

I think they'll want to continue that but I can't be sure

Instant Message : Native Messages
From 12:44:03
Rob Frohwein <+14042906116>

So we need plan F

Instant Message : Native Messages
From 12:45:14
Deepesh Jain <+12028213408>

I have an idea...

Instant Message : Native Messages
From 12:47:15
Deepesh Jain <+12028213408>

Quontic Bank is a CDFI and is apparently a SBA approved lender...

There is a strong push to get CDFIs a seat at the table (Rob, I believe you got a letter on that front?).

It's also expected that CDFIs can access the PPPLF this weekend.

SR approached me to sell loans directly

To them as they have a relationship with them.

I told him that we won't unless we get better economics

Instant Message : Native Messages
From 12:47:29
Rob Frohwein <+14042906116>

Hey all, given the acrimonious relationship with CRB, I think it's best if we move entirely off of them.

Instant Message : Native Messages
From 12:47:43
Deepesh Jain <+12028213408>

So we can work with them to use their etran - originate loans through them and get better economics

Instant Message : Native Messages
From 12:47:47
Rob Frohwein <+14042906116>

I'm afraid they'll sabotage us on Monday.

Instant Message : Native Messages
From 12:47:53
Sam Taussig <+13014129193>

Why would we do that? We know CRB works and they fit into the small bucket.... Can we talk about this?

Instant Message : Native Messages
From 12:48:04
Deepesh Jain <+12028213408>

I meant better economics than current SR economics

Instant Message : Native Messages
From 12:48:07
Kristel Adler <+16094250252>

Do they really have another partner who can process?

Instant Message : Native Messages
From 12:48:18
Rob Frohwein <+14042906116>

It doesn't make a diff Kristel

Instant Message : Native Messages
From 12:48:19
Kathryn Petralia <+16785966422>

We need to get on a call

Instant Message : Native Messages
From 12:48:21
Rob Frohwein <+14042906116>

I won't work with them any longer

Instant Message : Native Messages
From 12:48:24
Kristel Adler <+16094250252>

Maybe bluevine?

Instant Message : Native Messages
From 12:48:27
Rob Frohwein <+14042906116>

I'm through with them

Instant Message : Native Messages
From 12:48:32
Rob Frohwein <+14042906116>

entirely

Instant Message : Native Messages
From 12:50:38
Sam Taussig <+13014129193>

Talk at 1?

Instant Message : Native Messages
From 12:50:53
Sam Taussig <+13014129193>

Some of us are on calls. Kate - can we talk at 1?

Instant Message : Native Messages
From 12:53:22
Sam Taussig <+13014129193>

Kate is busy. Just sent invite

Instant Message : Native Messages
From 12:59:46
Kate Prince <+14049876386>

Sorry guys Reid fell and busted his lip right as Sam sent that. Thanks Sam!

Instant Message : Native Messages
From 13:00:14
Rob Frohwein <+14042906116>

Not my room

Instant Message : Native Messages
From 13:00:19
Rob Frohwein <+14042906116>

I'm driving

Instant Message : Native Messages
From 13:00:36
Rob Frohwein <+14042906116>

And can't get that to work. Send a diff link

Instant Message : Native Messages
From 13:00:57
Sam Taussig <+13014129193>

Ok. KP will join late. Use my number 202.850.9008

Instant Message : Native Messages
From 13:02:34
Laura Goldberg <+19174880142>

What room?

Instant Message : Native Messages
From 13:02:43
Laura Goldberg <+19174880142>

I am confused

Instant Message : Native Messages
From 13:02:44
Sam Taussig <+13014129193>

202.850.9008

Instant Message : Native Messages
From 13:02:46
Kate Prince <+14049876386>

Use sam's number above!

Instant Message : Native Messages
From 13:04:41
davidkmcgowan@yahoo.com

I got invalid number or meeting not started

Instant Message : Native Messages
From 13:05:08
davidkmcgowan@yahoo.com

Nervermind, call it

Instant Message : Native Messages
From 13:30:05
Laura Goldberg <+19174880142>

FYI - we have already surpassed 330k calls. No one is getting through. Happened when trump signed

Instant Message : Native Messages
From 13:30:26
davidkmcgowan@yahoo.com

So it was already on?

Instant Message : Native Messages
From 13:30:30
davidkmcgowan@yahoo.com

What happened to Monday?

Instant Message : Native Messages
From 13:30:52
Rob Frohwein <+14042906116>

She's just talking about CS

Instant Message : Native Messages
From 13:30:53
Laura Goldberg <+19174880142>

No, when trump signed the bill, the calls spiked

Instant Message : Native Messages
From 13:30:56
Rob Frohwein <+14042906116>

Etran isn't on

Instant Message : Native Messages
From 13:30:56
Deepesh Jain <+12028213408>

I think these are customers calling us - etran is not on

Instant Message : Native Messages
From 13:30:59
davidkmcgowan@yahoo.com

Jesus, that was scary

Instant Message : Native Messages
From 13:31:17
davidkmcgowan@yahoo.com

Sorry about your calls, but I feel better for a second

Instant Message : Native Messages
From 13:31:56
Deepesh Jain <+12028213408>

Rob - you broke up over text ....

something for the book/film that you were referring to earlier :-)

Instant Message : Native Messages
From 13:51:50
Rob Frohwein <+14042906116>

So, the ready for etran number isn't moving up anymore. Was that expected?

Instant Message : Native Messages
From 13:52:51
davidkmcgowan@yahoo.com

The manual ones should trickle in if they get a success, don't think we have another chunk from AWS OCR yet, which would make a change, and then strategy changes planned this weekend should make a change

Instant Message : Native Messages
From 13:56:29
davidkmcgowan@yahoo.com

we also reset the consents we got for the more than 20% difference because we plan to run a new strategy, and their amount will change, so we need them to sign it again, so that is up to 154mm now

Instant Message : Native Messages
From 13:56:43
davidkmcgowan@yahoo.com

Once we get a final strategy we can email them and get back probably by that time what will be 200mm

Instant Message : Native Messages
From 15:00:04
Sam Taussig <+13014129193>

SBA is considering a staged approach for e-tran. They are considering, and seeking TRSY's consent, to turn on access to some smaller lenders this weekend. NOTHING FINAL. But they are conducting a survey this afternoon to understand how much volume lenders have lined up to submit. AKA: They are totally dazed and confused

Instant Message : Native Messages
From 15:32:38
davidkmcgowan@yahoo.com

Still Rob's room?

Instant Message : Native Messages
From 15:33:06
Kate Prince <+14049876386>

I am in - unless y'all have started a new thread without me again.

Instant Message : Native Messages
From 15:33:15
davidkmcgowan@yahoo.com

lol

Instant Message : Native Messages
From 15:33:19
davidkmcgowan@yahoo.com

I'm waiting for host to join

Instant Message : Native Messages
From 15:33:29
+17732949576

Ditto

Instant Message : Native Messages
From 15:33:55
+17068880969

On phone w customers bank Be right there.

Instant Message : Native Messages
From 15:35:26
Deepesh Jain <+12028213408>

I can't join

Have a conflict... on a call with Wells Fargo

Another fire to fight

Instant Message : Native Messages
From 16:32:42
Sam Taussig <+13014129193>

We have lender to lender guidance

Instant Message : Native Messages
From 16:32:44
Sam Taussig <+13014129193>

Lenders participating in the Paycheck Protection Program ("PPP") may sell participating

interests in PPP loans to other participating Lenders in accordance with 13 CFR § 120.432(b).

For purposes of PPP loans only, SBA's prior written consent is not required and Lenders may

sell participations of up to 100 percent of the principal balance of PPP loans. All participating

interests in PPP loans must be sold to Lenders that have a signed SBA Form 750, SBA Form

3506, or SBA Form 3507. The originating Lender must continue to hold the note, the loan

documents and retain all servicing rights. The originating Lender will be the party responsible to

SBA with respect to all servicing actions, including requests for advance purchases and loan

forgiveness, and will be the party eligible for the guarantee purchase of a PPP loan.

The originating Lender must also provide SBA's Office of Credit Risk Management (OCRM)

with prior written notice of any such participating interest sale at the following email address:

PPPLoanParticipation@sba.gov. For purposes of PPP loans only, the originating Lender will be

considered to meet the good standing and satisfactory performance requirements of 13 CFR §

120.433.

Instant Message : Native Messages
From 16:32:48
Sam Taussig <+13014129193>

Will email too

Instant Message : Native Messages
From 16:40:19
Sam Taussig <+13014129193>

Also SBA just killed e-tran test because too many people are capacity testing. Engines are revving!

Instant Message : Native Messages
From 16:43:03
Kristel Adler <+16094250252>

A+ for Clint for getting ours done early!

Instant Message : Native Messages
From 16:43:35
+17068880969

Loved "A+ for Clint for getting ours done early!"

Instant Message : Native Messages
From 16:50:13
Sam Taussig <+13014129193>

Loved "A+ for Clint for getting ours done early!"

Instant Message : Native Messages
From 16:50:52
+17732949576

Who's going to play Clint in the movie?

Instant Message : Native Messages
From 16:51:39
Kristel Adler <+16094250252>

Thor!

Instant Message : Native Messages
From 16:51:55
Sam Taussig <+13014129193>

Chuck Norris

Instant Message : Native Messages
From 16:52:13
+17068880969

Chuck too old. Thor for sho

Instant Message : Native Messages
From 16:53:07
+17732949576

Laughed at "Chuck too old. Thor for sho"

Instant Message : Native Messages
From 16:57:46
Kathryn Petralia <+16785966422>

Out of curiosity who is going to watch a movie about PPP loans?

Instant Message : Native Messages
From 16:58:24
+17732949576

The same people who watched he big short

Instant Message : Native Messages
From 17:03:26
Kathryn Petralia <+16785966422>

I'll call Michael Lewis

Instant Message : Native Messages
From 17:03:38
Kristel Adler <+16094250252>

I have his snail mail address

Instant Message : Native Messages
From 17:04:27
Kristel Adler <+16094250252>

I already found it. 100% sending this to him as a bundle. Kabbage plays the role of little known story amidst backdrop of pandemic and government bungling. If he doesn't write it I will.

Instant Message : Native Messages
From 17:08:21
Kathryn Petralia <+16785966422>

I think it could be a good story. My sister has some good CDC government bullshit stories too, including one about Arkansas prisons. He likes to use random stories

Instant Message : Native Messages
From 17:09:35
Rob Frohwein <+14042906116>

I'll find out if Jon Hamm is available to play me in the movie.

Instant Message : Native Messages
From 17:09:50
Kristel Adler <+16094250252>

Alec Baldwin.

Instant Message : Native Messages
From 17:27:23
davidkmcgowan@yahoo.com

Bradley Cooper is up for playing me, but if he isn't available Chris Hemsworth is in

Instant Message : Native Messages
From 17:34:30
Rob Frohwein <+14042906116>

We are still $23m short of delivery on the first tranche and it's been about 9 days or so. What's the plan here?

Instant Message : Native Messages
From 17:36:38
davidkmcgowan@yahoo.com

KP is chatting with Laura now, we emailed them today again, they were going to talk on options on was to push them to come

Instant Message : Native Messages
From 17:39:17
Laura Goldberg <+19174880142>

Customer has the list has been calling today and will resume tomorrow

Instant Message : Native Messages
From 17:39:23
Laura Goldberg <+19174880142>

Customer service

Instant Message : Native Messages
From 18:37:13
Rob Frohwein <+14042906116>

May have a call tonight with SVB about a correspondent relationship. Keep an eye out

Instant Message : Native Messages
From 18:37:28
Sam Taussig <+13014129193>

Instant Message : Native Messages
From 18:37:48
Deepesh Jain <+12028213408>

I have reached out to BMO also

They are checking internally

Instant Message : Native Messages
From 19:47:48
Rob Frohwein <+14042906116>

PPPLF apparently has CEO attestation that the borrower has access to no other capital

Instant Message : Native Messages
From 19:48:13
Sam Taussig <+13014129193>

Borrower being us.

Instant Message : Native Messages
From 19:48:21
Deepesh Jain <+12028213408>

Yep

Instant Message : Native Messages
From 19:52:29
Deepesh Jain <+12028213408>

I don't know how any bank can certify that... if they can, why can't we? :-)

Instant Message : Native Messages
From 19:53:12
Kathryn Petralia <+16785966422>

That's insane

Instant Message : Native Messages
From 19:53:28
Kathryn Petralia <+16785966422>

And plain stupid

Instant Message : Native Messages
From 19:53:30
Sam Taussig <+13014129193>

I am not worried

Instant Message : Native Messages
From 19:54:18
Deepesh Jain <+12028213408>

Let's just hope that SR doesn't go to the fed showing our agreement with them and saying that we had access to capital!

Instant Message : Native Messages
From 20:01:47
Rob Frohwein <+14042906116>

Glad you're not worried Sam. Deputizing you as ceo.

Instant Message : Native Messages
From 20:02:01
Deepesh Jain <+12028213408>

Laughed at "Glad you're not worried Sam. Deputizing you as ceo. "

Instant Message : Native Messages
From 20:25:28
Deepesh Jain <+12028213408>

Is anyone an expert on correspondent bank requirements? I don't have much idea except for some google education. This if for the 9pm call.

Instant Message : Native Messages
From 20:56:05
Kristel Adler <+16094250252>

Nope but my main takeaway from googling is that it should be a flat fee per txn not volume based

Instant Message : Native Messages
From 21:48:51
Sam Taussig <+13014129193>

I think everyone is only partially aware that the "lender to lender" guidance spooked SR today. Allow me to clarify all this. SR believes SBA's guidance supersedes the previous secondary market guidance from TRSY from a few days ago. I, Azba, and our outside legal eagles see those as two very distinct issues because they live under two distinct statutes, but SR doesn't. I was able to connect briefly with the SBA's Chief of Staff, but his reaction was not helpful. It was more like a Homer Simpson "DOH!" than anything else. I need to talk with SBA legal tomorrow now to unfuck this. If it doesn't get clarified, then we're prepared to balance sheet at CRB and Customers if need be (with the new lender to lender guidance) AND are exploring rapid paths to PPLF. We'll likely need a correspondent banking relationship with a main street bank for PPLF, so if you have high-level contacts, now would be the time to call them. I think the SBA just needs to clarify their guidance, but we'll figure this out one way or the other.

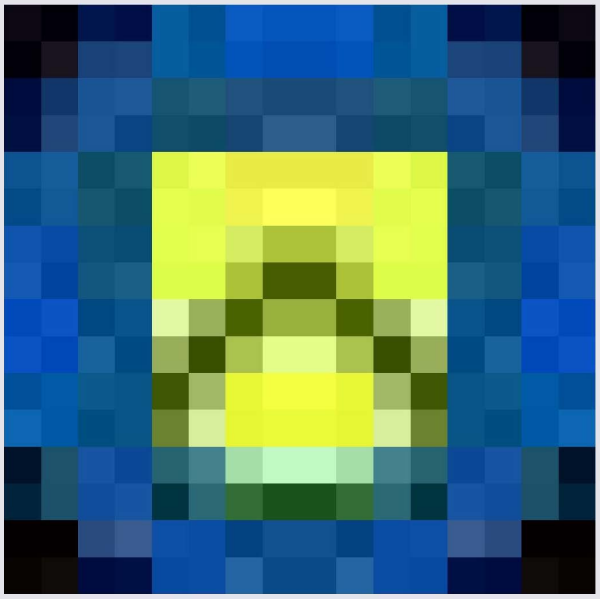
Instant Message : Native Messages
From 21:49:06
Sam Taussig <+13014129193>

Also, just to sum up, on the SBA doc thread, we have 1) new FAQs, 2) new eligibility requirements, and 3) new calc rules all from this afternoon. Docs are now up here:

Instant Message : Native Messages
From 21:49:06
Sam Taussig <+13014129193>

https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses

51CA6235-B4DD-47FF-9566-5ED08FCC0788.pluginPayloadAttachment



Instant Message : Native Messages
From 21:49:52
Deepesh Jain <+12028213408>

To be fair, unless you spoke with SR, they were not spooked. They are wondering and questioning what this new guidance means

Instant Message : Native Messages
From 21:50:32
Deepesh Jain <+12028213408>

So let's not jump the gun here

End Thread

Thread Statistics
Instant Message Count
182

EXHIBIT 22



Fourth COVID-19 Relief Package (P.L. 116-139): In Brief

April 24, 2020

Congressional Research Service
https://crsreports.congress.gov
R46325

CRS REPORT
Prepared for Members and
Committees of Congress

Congressional Research Service
Informing the legislative debate since 1914

Fourth COVID-19 Relief Package (P.L. 116-139): In Brief

On April 23, 2020, Congress passed its fourth measure including supplemental appropriations to respond to the COVID-19 pandemic. The Paycheck Protection Program and Health Care Enhancement Act (the act; P.L. 116-139) includes enhancements for the Small Business Administration's Paycheck Protection Program (PPP), Economic Injury Disaster Loans (EIDL), and Emergency EIDL grants, and emergency supplemental appropriations for the Department of Health and Human Services (HHS) and Small Business Administration (SBA). The President signed the bill into law on April 24, 2020.

The Congressional Budget Office estimates that the act will result in $321.3 billion in additional direct spending for the PPP, and $162.1 billion in additional discretionary spending, including $50 billion for EIDL and $10 billion for Emergency EIDL grants.

This report provides a brief overview of that measure.

SUMMARY

R46325

April 24, 2020

William L. Painter, Coordinator
Specialist in Homeland Security and Appropriations

Robert Jay Dilger
Senior Specialist in American National Government

Bruce R. Lindsay
Analyst in American National Government

Sarah A. Lister
Specialist in Public Health and Epidemiology

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Introduction

On April 23, 2020, Congress passed its fourth measure including supplemental appropriations to respond to the Coronavirus Disease 2019 (COVID-19) pandemic. The Paycheck Protection Program and Health Care Enhancement Act (the act; P.L. 116-139) includes enhancements for the Small Business Administration's Paycheck Protection Program (PPP), Economic Injury Disaster Loans (EIDL), and Emergency EIDL grants, and emergency supplemental appropriations for the Department of Health and Human Services (HHS) and Small Business Administration (SBA).

The Congressional Budget Office estimates that the act will result in $321.3 billion in additional direct spending for the PPP, and $162.1 billion in additional discretionary spending, including $50 billion for EIDL and $10 billion for Emergency EIDL grants.[1]

Legislative History

H.R. 266 was first passed by the House on January 11, 2019, as an FY2020 annual appropriations measure unrelated to COVID-19. The bill was read twice and placed on the Senate Legislative Calendar on January 15, 2019, but the Senate did not act on the original legislation. The Senate agreed to take up the measure on April 21, 2020. The bill was laid before the Senate by unanimous consent and an amendment in the nature of a substitute replaced the original text with that of the "Paycheck Protection Program and Health Care Enhancement Act." The Senate passed the bill the same day by voice vote.

The House of Representatives took up the amended bill on April 23, 2020, suspending the rules and passing it by a vote of 388-5, with one Member voting present.[2] The President signed the bill into law on April 24, 2020, as P.L. 116-139.

Provisions of the Paycheck Protection Program and Health Care Enhancement Act

Division A—Small Business Programs

The Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136; the CARES Act) established the Paycheck Protection Program (PPP), and provided it $349 billion.[3] The PPP authorized loans with a two-year term at a 1% interest rate to small businesses and other organizations adversely affected by COVID-19. Loan payments are deferred for six months and feature loan forgiveness up to the amount borrowed under specified conditions related to the borrower's retention of employees and employee wages.[4]

---

[1] Congressional Budget Office, "H.R. 266, Paycheck Protection Program and Health Care Enhancement Act," April 22, 2020, at https://www.cbo.gov/publication/56338.

[2] Roll call vote 104, available at http://clerk.house.gov/evs/2020/roll104.xml.

[3] In addition to the $349 billion for the Paycheck Protection Program (PPP), the CARES Act also included $675 million for the SBA's salaries and expenses account, $25 million for the SBA's Office of Inspector General (OIG), $265 million for entrepreneurial development programs, $17 billion for subsidies for certain loan payments, and $10 billion for Emergency Economic Injury Disaster Loan (EIDL) grants, for a total of almost $377 billion in total appropriations to the SBA.

[4] For more details on the Paycheck Protection Program, see CRS Report R46284, *COVID-19 Stimulus Assistance to*

The SBA started accepting PPP loan applications on April 3, 2020. Because the program neared its $349 billion authorization limit, the SBA stopped accepting new PPP loan applications on April 15, 2020. Over 1.66 million loans were approved by nearly 5,000 lenders. Most of the loans (74%) were for under $150,000.[5]

The CARES Act also enhanced SBA Economic Injury Disaster Loans (EIDL) from January 31, 2020, through December 31, 2020, expanding eligibility and taking other steps, such as establishing Emergency EIDL grants of up to $10,000, to make resources more broadly and quickly available to small businesses. The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123) had provided the SBA an additional $20 million to support EIDL. The CARES Act appropriated $10 billion for Emergency EIDL grants.[6]

The SBA also stopped accepting new COVID-19-related EIDL loan applications on April 15, 2020, because that program neared its appropriations limit for credit subsidies.[7] COVID-19-related EIDL applications which had already been received continue to be processed on a first-come first-served basis. The SBA approved nearly 30,000 COVID-19-related EIDLs totaling nearly $5.7 billion, and 755,476 Emergency EIDL grants totaling nearly $3.3 billion.[8]

Division A of P.L. 116-139 increases the PPP authorization limit from $349 billion to $659 billion, and increases the direct appropriation in the CARES Act for the program from $349 billion to more than $670 billion to support that authorization amount.

Division A of the act also:

- requires that no less than $30 billion of the additional PPP authorization amount be set aside for loans issued by insured depository institutions and credit unions with consolidated assets of $10 billion to $50 billion;
- requires that no less than $30 billion of the additional PPP authorization amount be set aside for loans issued by community financial institutions (including community development financial institutions (CDFIs), minority depository institutions, community development corporations, and SBA microloan intermediaries), and insured depository institutions and credit unions with consolidated assets less than $10 billion; and

Small Businesses: Issues and Policy Options, by Robert Jay Dilger, Bruce R. Lindsay, and Sean Lowry.

[5] U.S. Small Business Administration (SBA), "Statement from Secretary Steven T. Mnuchin and Administrator Jovita Carranza on the Success of the Paycheck Protection Program," April 17, 2020, at https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/statement-secretary-steven-t-mnuchin-and-administrator-jovita-carranza-success-paycheck-protection.

[6] For more details on the EIDL program, see CRS Insight IN11232, *SBA Economic Injury Disaster Loans for COVID-19*, by Bruce R. Lindsay.

[7] SBA, "Statement by Secretary Mnuchin and Administrator Carranza on the Paycheck Protection Program and Economic Injury Disaster Loan Program," April 15, 2020, at https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/statement-secretary-mnuchin-and-administrator-carranza-paycheck-protection-program-and-economic (hereinafter SBA, "Statement by Secretary Mnuchin and Administrator Carranza on the Paycheck Protection Program and Economic Injury Disaster Loan Program.")

[8] SBA, "COVID-19 EIDL Loans Report," April 20, 2020, at https://www.sba.gov/document/report—covid-19-eidl-loans-report; and SBA, "COVID-19 EIDL Advance Report," April 20, 2020, at https://www.sba.gov/document/report—covid-19-eidl-advance-report.

- makes agricultural enterprises with not more than 500 employees eligible for EIDL and Emergency EIDL grants during the covered period (January 31, 2020, through December 31, 2020).[9]

Division B—Additional Emergency Appropriations for Coronavirus Response

Division B of P.L. 116-139 is a supplemental appropriations measure providing $100 billion for the Department of Health and Human Services (HHS) through the Public Health and Social Services Emergency Fund (PHSSEF) and $62 billion for the Small Business Administration ($50 billion for EIDL, $10 billion for Emergency EIDL grants, and $2.1 billion for SBA salaries and expenses). All of the supplemental appropriations are designated as being emergency requirements under the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177, as amended), and thus do not count against the statutory limits on discretionary spending for FY2020.

Each appropriation in P.L. 116-139, Division B, explicitly provides its resources "to prevent, prepare for, and respond to coronavirus, domestically or internationally."

Table 1 details the supplemental appropriations included in Division B, as well as subdivision and transfers of those appropriations outlined in P.L. 116-139.

[9] Under the Small Business Act (P.L. 85-536, as amended), agricultural enterprises, other than small agricultural cooperatives, small aquaculture enterprises, and eligible small nurseries, are not eligible for EIDL.

Table 1. Supplemental Appropriations in P.L. 116-139, Division B

Thousands of dollars of discretionary budget authority

SUBCOMMITTEE Agency		Appropriation *Subappropriation / Transfer*	Amount *[non-add]*
Labor, HHS, and Education and Related Agencies			
Department of Health and Human Services (HHS)	Office of the Secretary	Public Health and Social Services Emergency Fund—TOTAL	100,000,000
		Public Health and Social Services Emergency Fund—Provider Relief Fund	75,000,000
		Public Health and Social Services Emergency Fund—Testing and contact tracing	25,000,000
		Testing funding for states, localities, territories, and tribes	*[not less than 11,000,000]*
		Transfer to CDC-Wide Activities and Program Support	*[not less than 1,000,000]*
		Transfer to National Institutes of Health (NIH)—National Cancer Institute	*[not less than 306,000]*
		Transfer to NIH—National Institute of Biomedical Imaging and Bioengineering	*[not less than 500,000]*
		Transfer to NIH—Office of the Director	*[not less than 1,000,000]*
		Biomedical Advanced Research and Development Authority	*[not less than 1,000,000]*
		Transfer to the Food and Drug Administration, Salaries and Expenses	*[22,000]*
		Transfer to HRSA—Primary Health Care for Health Centers Grants	*[600,000]*
		Testing resources for rural health clinics	*[225,000]*
		Testing resources for the uninsured	*[not more than 1,000,000]*
		Transfer to the HHS Office of Inspector General (General Provision)	*[not more than 6,000]*
Financial Services and General Provisions Government-Wide			
Small Business Administration		Salaries and Expenses	2,100,000
		Disaster Loan Program Account	50,000,000
		Emergency Economic Injury Disaster Loan (EIDL) Grants	10,000,000

Source: CRS analysis of P.L. 116-139, Division B.

Notes: CDC = Centers for Disease Control and Prevention; HRSA = Health Resources and Services Administration; NIH = National Institutes of Health.

A00240

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Title I—Department of Health and Human Services

Title I provides $100 billion in emergency supplemental appropriations to the HHS Public Health and Social Services Emergency Fund (PHSSEF), an account used in appropriations acts to provide the HHS Secretary with one-time or emergency funding, as well as annual funding for the office of the HHS Assistance Secretary for Preparedness and Response (ASPR).

Of the $100 billion, $75 billion is additional funding for the HHS "Provider Relief Fund," established with an initial appropriation of $100 billion in the CARES Act.[10] These funds remain available until expended, and are to be used "to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus…." Both P.L. 116-139 and the CARES Act define eligible providers broadly as any that provide "diagnoses, testing, or care for individuals with possible or actual cases of COVID-19…." HHS has made initial distributions from the Provider Relief Fund.[11]

The remaining $25 billion, also available until expended, is provided to augment national capacity for COVID-19 containment, such as expanded testing capacity—including supplies such as personal protective equipment (PPE)—and workforce and technical capacity for disease surveillance and contact tracing. Among other allowable uses, these funds may be used to build, purchase, renovate, or rent non-federally owned facilities. Of the $25 billion, the act requires the HHS Secretary to transfer specified amounts to HHS agencies as follows:

- Not less than $11 billion for states, localities, territories, tribes, tribal organizations, urban Indian health organizations, or health service providers to tribes.
  - Of this amount, not less than $2 billion is for states, localities, and territories according to the formula for the CDC Public Health Emergency Preparedness cooperative agreement in FY2019; and[12]
  - not less than $4.25 billion is for the same awardees according to a formula based on relative number of cases of COVID-19.
    - Of that $4.25 billion, not less than $750 million is for tribes, tribal organizations, urban Indian health organizations, or health service providers to tribes.
- Not less than $1 billion for CDC for surveillance, epidemiology, and laboratory capacity expansion; contact tracing; data systems modernization; outreach; and workforce support to expand and improve COVID-19 testing.
- Not less than $1.806 billion for the National Institutes of Health (NIH) as follows:

[10] For more information on the new fund, see U.S. Department of Health and Human Services (HHS), "CARES Act Provider Relief Fund" (a name given to this fund by HHS), April 22, 2020, at https://www.hhs.gov/provider-relief/index.html.

[11] HHS, "HHS Announces Additional Allocations of CARES Act Provider Relief Fund," press release, April 22, 2020, at https://www.hhs.gov/about/news/index.html.

[12] The allocation formula for this grant provides a base amount and an additional amount according to population to all 50 states, the territories, and Washington DC, New York City, Los Angeles County, and Chicago. FY2019 allocations are at Centers for Disease Control and Prevention, Public Health Emergency Preparedness (PHEP) Cooperative Agreement, FY2019 funding table, https://www.cdc.gov/cpr/readiness/00_docs/PHEP_Budget_Period_1_FY_2019_Funding_Table_August_2_2019.pdf.

  - not less than $306 million for the National Cancer Institute to develop, validate, improve, and implement serological testing and associated technologies for COVID-19;
  - not less than $500 million for the National Institute of Biomedical Imaging and Bioengineering for research, development, and implementation of point-of-care and other rapid testing for COVID-19; and
  - not less than $1 billion for the NIH Office of the Director, broadly to support the agency's research and development efforts regarding COVID-19 testing.
- Not less than $1 billion for the Biomedical Advanced Research and Development Authority (BARDA) for advanced research, development, manufacturing, production, and purchase of diagnostic, serologic, or other COVID-19 tests or related supplies, and other activities related to COVID-19 testing.
- $22 million for the Food and Drug Administration (FDA), Salaries and Expenses, for activities associated with diagnostic, serological, antigen, and other COVID-19 tests, and related administrative activities.
- $600 million for the Health Resources and Services Administration (HRSA) for grants under the Health Centers program, covering a broader range of facilities than was previously eligible.[13]
- $225 million for HRSA for rural health clinics, using the distribution procedures developed for the Provider Relief Fund established under the CARES Act.[14]
- Not more than $1 billion to cover the cost of testing for the uninsured, using the National Disaster Medical System (NDMS) Definitive Care Reimbursement Program according to the Families First Coronavirus Response Act, P.L. 116-127.[15]

Numerous reporting requirements apply to this $25 billion appropriation.

General provisions in Title I allow the HHS Secretary to transfer PHSSEF funds to HHS agencies, as specified, with attendant reporting to the appropriations committees; and require the Secretary to transfer up to $6 million to the HHS Office of Inspector General for oversight of activities funded by this act through the PHSSEF.

Title II—Independent Agencies

Because Division A provides significant additional authorization, resources, and direction for SBA's PPP and EIDL programs, the Title II provisions are for the most part straightforward. $50 billion is provided for the cost of EIDL, and $10 billion for Emergency EIDL grants, to fulfil the authorization in Division A. The $2.1 billion included for SBA's Salaries and Expenses

[13] These funds may also be awarded to entities that are eligible for, but not currently receiving such funds (i.e., Federally Qualified Health Center "look-alikes"). For more information on these facilities, see U.S. Department of Health and Human Services, Health Resources and Services Administration, "Health Center Program Look-Alikes," at https://bphc.hrsa.gov/programopportunities/lookalike/index.html.

[14] For more information on the new fund, see U.S. Department of Health and Human Services (HHS), "CARES Act Provider Relief Fund" (a name given to this fund by HHS), April 22, 2020, at https://www.hhs.gov/provider-relief/index.html.

[15] 134 Stat. 182. See also "Title V. Department of Health and Human Services, Public Health and Social Services Emergency Fund" in CRS Report R46316, *Health Care Provisions in the Families First Coronavirus Response Act, P.L. 116-127*, coordinated by Sarah A. Lister and Paulette C. Morgan.

appropriation remains available until the end of FY2021, to support the agency's increased rate of operations in providing COVID-19 pandemic relief.

Author Information

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Specialist in Public Health and Epidemiology

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EXHIBIT 23

President Donald J. Trump has signed a Continuing Resolution through January 30th. Thanks to the President's decisive leadership in the face of radical left-wing obstructionism, the Department of the Treasury has now resumed normal operations.

An official website of the United States government Here's how you know

U.S. DEPARTMENT OF THE TREASURY

Joint Statement by Treasury Secretary Steven T. Mnuchin and SBA Administrator Jovita Carranza on the Resumption of the Paycheck Protection Program

April 24, 2020

WASHINGTON — U.S. Treasury Secretary Steven T. Mnuchin and Administrator of the Small Business Administration (SBA) Jovita Carranza issued the following statement today on the resumption of the Payroll Protection Program (PPP):

"We are pleased that President Trump has signed into law the Paycheck Protection Program and Health Care Enhancement Act, which provides critical additional funding for American workers and small businesses affected by the coronavirus pandemic. We want to thank Leader McConnell, Leader Schumer, Speaker Pelosi, and Leader McCarthy for working with us on a bipartisan basis to ensure that the Paycheck Protection Program is funded so that small businesses can keep hardworking Americans on the payroll.

"The Small Business Administration will resume accepting PPP loan applications on Monday, April 27 at 10:30AM EDT from approved lenders on behalf of any eligible borrower. This will ensure that SBA has properly coded the system to account for changes made by the legislation.

"The PPP has supported more than 1.66 million small businesses and protected over 30 million jobs for hardworking Americans. With the additional funds appropriated by Congress, tens of millions of additional workers will benefit from this critical relief.

"We encourage all approved lenders to process loan applications previously submitted by eligible borrowers and disburse funds expeditiously. All eligible borrowers who need these funds should work with an approved lender to apply. Borrowers should carefully review PPP regulations and guidance and the certifications required to obtain a loan.

"The Trump Administration is fully committed to ensuring that America's workers and small businesses continue to get the resources they need to get through this challenging time."

####

EXHIBIT 24

From: Nipun Goel[ngoel@kabbage.com]
Sent: Tue 4/28/2020 1:09:03 AM (UTC)
Subject: Re: Kabbage PPP Loan Return

Because there are two areas where we knew self-reported calculation inside the front-end application was being done incorrectly, so we had removed the SR cap there: 1) businesses started in 2019 that weren't getting annualized appropriately, and 2) sole props / single LLCs with employees that weren't being capped at $21K.

The cap is back in now - getting a full list of impacted accounts.this w

On Mon, Apr 27, 2020 at 7:48 PM Spencer Robinson <srobinson@kabbage.com> wrote:

> How is it possible? We take lesser of the calcs then apply the 80/20 rule when using our lower calc
>
> > On Apr 27, 2020, at 7:44 PM, Nipun Goel <ngoel@kabbage.com> wrote:
> >
> > No, this is what's gone out now.
> >
> > On Mon, Apr 27, 2020 at 7:42 PM Spencer Robinson <srobinson@kabbage.com> wrote:
> >
> > I don't understand how this happened are these all from the original 275?
> >
> > > On Apr 27, 2020, at 7:18 PM, Nipun Goel <ngoel@kabbage.com> wrote:
> > >
> > > We have a good amount of cases like this - pulling together a full list of ones that need to be flagged prior to disbursement. A few reasons it was happening:
> > > 1) not capping sole props / single LLCs to the appropriate $100K,
> > > 2) businesses putting start dates that are clearly incorrect, and
> > > 3) human / OCR field input errors.
> > > According to E-Tran FAQs, we are able to go in and ***decrease*** (not increase) undisbursed loan amounts. We're going to need to figure this piece out, in all three flows?

On Mon, Apr 27, 2020 at 2:05 PM Kristel Adler <kadler@kabbage.com> wrote:

There is no clear guidance, but I think about it this way:

- There is no penalty for prepayment
- Take the $$; prepay a portion immediately
- when you get forgiveness, it will be <100%
- but you will have paid back a % already anyway,
- Example:
  - You take $100 and immediately prepay $25
  - Your forgiveness calc is 75%
  - You get $75 forgiven, so net you owe $0
  - Obvi net you could still owe something if your prepayment estimation is off, but you get the point

Anyone think it could work any other way?

Kristel Adler

Kabbage

M: +1-609-425-0252

kadler@kabbage.com

On Mon, Apr 27, 2020 at 2:01 PM Laura Goldberg <lgoldberg@kabbage.com> wrote:

New issue on this.
We approved someone for more than they calculated and they are concerned they won't be eligible for forgiveness. Can they give back a portion of the loan early - ie draw the full amount, but give some back right away as repayment.

Thanks

On Mon, Apr 27, 2020 at 7:44 AM Kristel Adler <kadler@kabbage.com> wrote:

My link broke. Here are the FAQs for reference:
https://home.treasury.gov/system/files/136/Paycheck-Protection-

Program-Frequently-Asked-Questions.pdf

Kristel Adler

Kabbage

M: +1-609-425-0252

kadler@kabbage.com

On Mon, Apr 27, 2020 at 10:42 AM Kristel Adler <kadler@kabbage.com> wrote:

I think he should prepay it if he no longer thinks he meets the needs test. This isn't a perfectly relevant FAQ (from here), but the last paragraph seems applicable:
31. Question: Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

Answer: In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant." Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.

Lenders may rely on a borrower's certification regarding the

necessity of the loan request. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.

Kristel Adler

Kabbage

M: +1-609-425-0252

kadler@kabbage.com

On Mon, Apr 27, 2020 at 10:35 AM Laura Goldberg <lgoldberg@kabbage.com> wrote:

Hey Spencer/Kristel/Sam
Can we take a loan back? Is this even possible?

On Mon, Apr 27, 2020 at 7:34 AM Jon Hoffmann <jhoffmann@kabbage.com> wrote:

I'll have somebody call him, but I don't have a clue how to give the money back to the SBA. I'll have to dig around on that one.
JHH

On Mon, Apr 27, 2020 at 10:31 AM Robert Frohwein <rfrohwein@kabbage.com> wrote:

Begin forwarded message:

From: Tim McKeon <tmckeon@gmail.com>
Subject: Kabbage PPP Loan Return
Date: April 27, 2020 at 10:30:22 AM EDT
To: rfrohwein@kabbage.com, rob.frohwien@kabbage.com
Reply-To: tmck@pobox.com

Hello Rob,
I was very impressed how quickly Kabbage was able to get their PPP website working to

accept applications and required documents.

I was able obtain a PPP Loan for approximately $15,000 on April 17.

Since I got my loan my circumstances have changed and the SBA issued new guidance on the loan. I feel I not longer qualify and want to return my loan.

I have been calling the Kabbage help line and sent numerous email to PPP@Kabbage.com but have not heard back.

Is there anyway you can have someone contact me to get this resolved and get the money to a small business that needs it to survive.

My phone number is 720 771 6584 and my Kabbage account email is tmck@pobox.com.

Thanks in advance.

Tim

EXHIBIT 25

From: Azba Habib <ahabib@kabbage.com> on behalf of Azba Habib <ahabib@kabbage.com>
Sent: Tuesday, April 28, 2020 6:14 PM
To: Amit Kesarwani <akesarwani@kabbage.com>; Bethany Gripp <bgripp@kabbage.com>; Syed Ashekeen <sashekeen@kabbage.com>; Pujish Amin <pamin@kabbage.com>; Nipun Goel <ngoel@kabbage.com>; Charlie Brooks <cbrooks@kabbage.com>; Kristina Nelson <knelson@kabbage.com>
Cc: Sam Taussig <staussig@kabbage.com>; Spencer Robinson <srobinson@kabbage.com>; Elizabeth Maiellaro <emaiellaro@kabbage.com>; Scott Askins <saskins@kabbage.com>; Kristel Adler <kadler@kabbage.com>
Subject: PPP BSA/AML Program - Suspicious Activity Monitoring & Quality Control &Testing

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Hey Guys,

I've put together some documentation outlining our internal controls and procedures for ensuring PPP customers are subject to the Bank Secrecy Act requirements. We are required to ensure compliance with BSA per statute (as a non-bank PPP lender) and per contract (as a service provider to Cross River Bank and Customers Bank for PPP loans). We will get audited on this by both our bank partners as well as our own independent auditors (since BSA/AML Programs require annual independent testing). It's important for us to be in reasonably good shape for both. With your help, I've been able to largely capture our process for KYC/KYB (which is the bulk of our customer identification program). However, there are two areas relevant for BSA compliance where I help from our collective brain trust:

(1) We need to identify what types of characteristics at onboarding and thereafter we should flag for suspicious activity referrals and reports. Lexis already provides helpful risk indicators (e.g., EIN is issued w/ different business name/address; multiple identities associated with SSN) and red flags (e.g., identity theft alert, name and SSN are verified but not with input address and phone) that we leverage for automated logic. If we supplement that with some guidance on what to look for in manual review (e.g., fake documents), we should have a good framework. I'll need help identifying the exact triggers and then operationalizing them.

(2) We need a process to complete some internal quality control and testing to ensure that our automated process is working as it should and KYB, KYC, Fraud, and KBA ticket reviews are being conducted in compliance with our desktop procedures. I suspect these will just be spot checks but we'll need resources to complete and document the process of completion.

I'd appreciate your preliminary feedback on approach and ideas/suggestions for both (1) and (2) above in this google doc by EOD Thursday (4/28). Brain dump is fine and shouldn't take longer than 15-20 mins. I'll then follow/up to finalize. For now, I just want to get our thoughts on paper so whenever you have a moment, please share your ideas! Thank you.

--

Azba Habib
Assistant General Counsel
www.kabbage.com

Kabbage, Inc.
730 Peachtree St NE #1100
Atlanta, GA 30308
678-805-7765

EXHIBIT 26

As of April 29, 2020

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Frequently Asked Questions (FAQs)

The Small Business Administration (SBA), in consultation with the Department of the Treasury, intends to provide timely additional guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program (PPP), established by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). This document will be updated on a regular basis.

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act and of the Paycheck Protection Program Interim Final Rules ("PPP Interim Final Rules") (link). The □.S. government will not challenge lender PPP actions that conform to this guidance,[1] and to the PPP Interim Final Rules and any subsequent rulemaking in effect at the time.

1. **Question:** Paragraph 3.b.iii of the PPP Interim Final Rule states that lenders must "[c]onfirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower's application." Does that require the lender to replicate every borrower's calculations?

   Answer: No. Providing an accurate calculation of payroll costs is the responsibility of the borrower, and the borrower attests to the accuracy of those calculations on the Borrower Application Form. Lenders are expected to perform a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning average monthly payroll cost. For example, minimal review of calculations based on a payroll report by a recognized third-party payroll processor would be reasonable. In addition, as the PPP Interim Final Rule indicates, lenders may rely on borrower representations, including with respect to amounts required to be excluded from payroll costs.

   If the lender identifies errors in the borrower's calculation or material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the issue.[2]

2. **Question:** Are small business concerns (as defined in section 3 of the Small Business Act, 15 □.S.C. 632) required to have 500 or fewer employees to be eligible borrowers in the PPP?

   Answer: No. Small business concerns can be eligible borrowers even if they have more than 500 employees, as long as they satisfy the existing statutory and regulatory definition of a "small business concern" under section 3 of the Small Business Act, 15 □.S.C. 632. A business can qualify if it meets the SBA employee-based or revenue-

[1] This document does not carry the force and effect of law independent of the statute and regulations on which it is based.
[2] Question 1 published April 3, 2020.

based size standard corresponding to its primary industry. Go to www.sba.gov/size for the industry size standards.

Additionally, a business can qualify for the Paycheck Protection Program as a small business concern if it met both tests in SBA's "alternative size standard" as of March 27, 2020: (1) maximum tangible net worth of the business is not more than $15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than $5 million.

A business that qualifies as a small business concern under section 3 of the Small Business Act, 15 □.S.C. 632, may truthfully attest to its eligibility for PPP loans on the Borrower Application Form, unless otherwise ineligible.

3. **Question:** Does my business have to qualify as a small business concern (as defined in section 3 of the Small Business Act, 15 □.S.C. 632) in order to participate in the PPP?

   Answer: No. In addition to small business concerns, a business is eligible for a PPP loan if the business has 500 or fewer employees whose principal place of residence is in the □nited States, or the business meets the SBA employee-based size standards for the industry in which it operates (if applicable). Similarly, PPP loans are also available for qualifying tax-exempt nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code (IRC), tax-exempt veterans organization described in section 501(c)(19) of the IRC, and Tribal business concerns described in section 31(b)(2)(C) of the Small Business Act that have 500 or fewer employees whose principal place of residence is in the □nited States, or meet the SBA employee-based size standards for the industry in which they operate.

4. **Question:** Are lenders required to make an independent determination regarding applicability of affiliation rules under 13 C.F.R. 121.301(f) to borrowers?

   Answer: No. It is the responsibility of the borrower to determine which entities (if any) are its affiliates and determine the employee headcount of the borrower and its affiliates. Lenders are permitted to rely on borrowers' certifications.

5. **Question:** Are borrowers required to apply SBA's affiliation rules under 13 C.F.R. 121.301(f)?

   Answer: Yes. Borrowers must apply the affiliation rules set forth in SBA's Interim Final Rule on Affiliation. A borrower must certify on the Borrower Application Form that the borrower is eligible to receive a PPP loan, and that certification means that the borrower is a small business concern as defined in section 3 of the Small Business Act (15 □.S.C. 632), meets the applicable SBA employee-based or revenue-based size standard, or meets the tests in SBA's alternative size standard, after applying the affiliation rules, if applicable. SBA's existing affiliation exclusions apply to the PPP, including, for example the exclusions under 13 CFR 121.103(b)(2).

6. **Question:** The affiliation rule based on ownership (13 C.F.R. 121.301(f)(1)) states that SBA will deem a minority shareholder in a business to control the business if the shareholder has the right to prevent a quorum or otherwise block action by the board of directors or shareholders. If a minority shareholder irrevocably gives up those rights, is it still considered to be an affiliate of the business?

   Answer: No. If a minority shareholder in a business irrevocably waives or relinquishes any existing rights specified in 13 C.F.R. 121.301(f)(1), the minority shareholder would no longer be an affiliate of the business (assuming no other relationship that triggers the affiliation rules).

7. **Question:** The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of $100,000. Does that exclusion apply to all employee benefits of monetary value?

   Answer: No. The exclusion of compensation in excess of $100,000 annually applies only to cash compensation, not to non-cash benefits, including:
   - employer contributions to defined-benefit or defined-contribution retirement plans;
   - payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
   - payment of state and local taxes assessed on compensation of employees.

8. **Question:** Do PPP loans cover paid sick leave?

   Answer: Yes. PPP loans covers payroll costs, including costs for employee vacation, parental, family, medical, and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116□127). Learn more about the Paid Sick Leave Refundable Credit here.

9. **Question:** My small business is a seasonal business whose activity increases from April to June. Considering activity from that period would be a more accurate reflection of my business's operations. However, my small business was not fully ramped up on February 15, 2020. Am I still eligible?

   Answer: In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

10. **Question:** What if an eligible borrower contracts with a third-party payer such as a payroll provider or a Professional Employer Organization (PEO) to process payroll and report payroll taxes?

    Answer: SBA recognizes that eligible borrowers that use PEOs or similar payroll providers are required under some state registration laws to report wage and other data on

the Employer Identification Number (EIN) of the PEO or other payroll provider. In these cases, payroll documentation provided by the payroll provider that indicates the amount of wages and payroll taxes reported to the IRS by the payroll provider for the borrower's employees will be considered acceptable PPP loan payroll documentation. Relevant information from a Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, attached to the PEO's or other payroll provider's Form 941, Employer's Quarterly Federal Tax Return, should be used if it is available; otherwise, the eligible borrower should obtain a statement from the payroll provider documenting the amount of wages and payroll taxes. In addition, employees of the eligible borrower will not be considered employees of the eligible borrower's payroll provider or PEO.

11. **Question:** May lenders accept signatures from a single individual who is authorized to sign on behalf of the borrower?

    Answer: Yes. However, the borrower should bear in mind that, as the Borrower Application Form indicates, only an authorized representative of the business seeking a loan may sign on behalf of the business. An individual's signature as an "Authorized Representative of Applicant" is a representation to the lender and to the □.S. government that the signer is authorized to make the certifications, including with respect to the applicant and each owner of 20% or more of the applicant's equity, contained in the Borrower Application Form. Lenders may rely on that representation and accept a single individual's signature on that basis.

12. **Question:** I need to request a loan to support my small business operations in light of current economic uncertainty. However, I pleaded guilty to a felony crime a very long time ago. Am I still eligible for the PPP?

    Answer: Yes. Businesses are only ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, on probation, on parole; subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or, within the last five years, for any felony, has been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment).

13. **Question:** Are lenders permitted to use their own online portals and an electronic form that they create to collect the same information and certifications as in the Borrower Application Form, in order to complete implementation of their online portals?

    Answer: Yes. Lenders may use their own online systems and a form they establish that asks for the same information (using the same language) as the Borrower Application Form. Lenders are still required to send the data to SBA using SBA's interface.

14. **Question:** What time period should borrowers use to determine their number of employees and payroll costs to calculate their maximum loan amounts?

Answer: In general, borrowers can calculate their aggregate payroll costs using data either from the previous 12 months or from calendar year 2019. For seasonal businesses, the applicant may use average monthly payroll for the period between February 15, 2019, or March 1, 2019, and June 30, 2019. An applicant that was not in business from February 15, 2019 to June 30, 2019 may use the average monthly payroll costs for the period January 1, 2020 through February 29, 2020.

Borrowers may use their average employment over the same time periods to determine their number of employees, for the purposes of applying an employee-based size standard. Alternatively, borrowers may elect to use SBA's usual calculation: the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application (or the average number of employees for each of the pay periods that the business has been operational, if it has not been operational for 12 months).

15. **Question:** Should payments that an eligible borrower made to an independent contractor or sole proprietor be included in calculations of the eligible borrower's payroll costs?

    Answer: No. Any amounts that an eligible borrower has paid to an independent contractor or sole proprietor should be excluded from the eligible business's payroll costs. However, an independent contractor or sole proprietor will itself be eligible for a loan under the PPP, if it satisfies the applicable requirements.

16. **Question:** How should a borrower account for federal taxes when determining its payroll costs for purposes of the maximum loan amount, allowable uses of a PPP loan, and the amount of a loan that may be forgiven?

    Answer: □nder the Act, payroll costs are calculated on a gross basis without regard to (i.e., not including subtractions or additions based on) federal taxes imposed or withheld, such as the employee's and employer's share of Federal Insurance Contributions Act (FICA) and income taxes required to be withheld from employees. As a result, payroll costs are not reduced by taxes imposed on an employee and required to be withheld by the employer, but payroll costs do not include the employer's share of payroll tax. For example, an employee who earned $4,000 per month in gross wages, from which $500 in federal taxes was withheld, would count as $4,000 in payroll costs. The employee would receive $3,500, and $500 would be paid to the federal government. However, the employer-side federal payroll taxes imposed on the $4,000 in wages are excluded from payroll costs under the statute.[3]

[3] The definition of "payroll costs" in the CARES Act, 15 □.S.C. 636(a)(36)(A)(viii), excludes "taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period," defined as February 15, 2020, to June 30, 2020. As described above, the SBA interprets this statutory exclusion to mean that payroll costs are calculated on a gross basis, without subtracting federal taxes that are imposed on the employee or withheld from employee wages. □nlike employer-side payroll taxes, such employee-side taxes are ordinarily expressed as a reduction in employee take-home pay; their exclusion from the definition of payroll costs means payroll costs should not be reduced based on taxes imposed on the employee or withheld from employee wages. This interpretation is consistent with the text of the statute and advances the legislative purpose of ensuring workers

17. **Question:** I filed or approved a loan application based on the version of the PPP Interim Final Rule published on April 2, 2020. Do I need to take any action based on the updated guidance in these FAQs?

    Answer: No. Borrowers and lenders may rely on the laws, rules, and guidance available at the time of the relevant application. However, borrowers whose previously submitted loan applications have not yet been processed may revise their applications based on clarifications reflected in these FAQs.

18. **Question:** Are PPP loans for existing customers considered new accounts for FinCEN Rule CDD purposes? Are lenders required to collect, certify, or verify beneficial ownership information in accordance with the rule requirements for existing customers?

    Answer: If the PPP loan is being made to an existing customer and the necessary information was previously verified, you do not need to re-verify the information.

    Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to BSA compliance.[4]

19. **Question:** Do lenders have to use a promissory note provided by SBA or may they use their own?

    Answer: Lenders may use their own promissory note or an SBA form of promissory note.

20. **Question:** The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week period; when does that eight-week period begin?

    Answer: The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.[5]

21. **Question:** Do lenders need a separate SBA Authorization document to issue PPP loans?

    Answer: No. A lender does not need a separate SBA Authorization for SBA to guarantee a PPP loan. However, lenders must have executed SBA Form 2484 (the

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remain paid and employed. Further, because the reference period for determining a borrower's maximum loan amount will largely or entirely precede the period from February 15, 2020, to June 30, 2020, and the period during which borrowers will be subject to the restrictions on allowable uses of the loans may extend beyond that period, for purposes of the determination of allowable uses of loans and the amount of loan forgiveness, this statutory exclusion will apply with respect to such taxes imposed or withheld at any time, not only during such period.

[4] Questions 2 □18 published April 6, 2020.

[5] Questions 19 □20 published April 8, 2020.

Lender Application Form for the Paycheck Protection Program)[6] to issue PPP loans and receive a loan number for each originated PPP loan. Lenders may include in their promissory notes for PPP loans any terms and conditions, including relating to amortization and disclosure, that are not inconsistent with Sections 1102 and 1106 of the CARES Act, the PPP Interim Final Rules and guidance, and SBA Form 2484.

22. **Question:** I am a non-bank lender that meets all applicable criteria of the PPP Interim Final Rule. Will I be automatically enrolled as a PPP lender? What criteria will SBA and the Treasury Department use to assess whether to approve my application to participate as a PPP lender?

    Answer: We encourage lenders that are not currently 7(a) lenders to apply in order to increase the scope of PPP lending options and the speed with which PPP loans can be disbursed to help small businesses across America. We recognize that financial technology solutions can promote efficiency and financial inclusion in implementing the PPP. Applicants should submit SBA Form 3507 and the relevant attachments to NFRLApplicationForPPP@sba.gov. Submission of the SBA Form 3507 does not result in automatic enrollment in the PPP. SBA and the Treasury Department will evaluate each application from a non-bank or non-insured depository institution lender and determine whether the applicant has the necessary qualifications to process, close, disburse, and service PPP loans made with SBA's guarantee. SBA may request additional information from the applicant before making a determination.

23. **Question:** How do the $10 million cap and affiliation rules work for franchises?

    Answer: If a franchise brand is listed on the SBA Franchise Directory, each of its franchisees that meets the applicable size standard can apply for a PPP loan. (The franchisor does not apply on behalf of its franchisees.) The $10 million cap on PPP loans is a limit per franchisee entity, and each franchisee is limited to one PPP loan.

    Franchise brands that have been denied listing on the Directory because of affiliation between franchisor and franchisee may request listing to receive PPP loans. SBA will not apply affiliation rules to a franchise brand requesting listing on the Directory to participate in the PPP, but SBA will confirm that the brand is otherwise eligible for listing on the Directory.

24. **Question:** How do the $10 million cap and affiliation rules work for hotels and restaurants (and any business assigned a North American Industry Classification System (NAICS) code beginning with 72)?

    Answer: Under the CARES Act, any single business entity that is assigned a NAICS code beginning with 72 (including hotels and restaurants) and that employs not more than 500 employees per physical location is eligible to receive a PPP loan.

[6] This requirement is satisfied by a lender when the lender completes the process of submitting a loan through the E-Tran system; no transmission or retention of a physical copy of Form 2484 is required.

In addition, SBA's affiliation rules (13 CFR 121.103 and 13 CFR 121.301) do not apply to any business entity that is assigned a NAICS code beginning with 72 and that employs not more than a total of 500 employees. As a result, if each hotel or restaurant location owned by a parent business is a separate legal business entity, each hotel or restaurant location that employs not more than 500 employees is permitted to apply for a separate PPP loan provided it uses its unique EIN.

The $10 million maximum loan amount limitation applies to each eligible business entity, because individual business entities cannot apply for more than one loan. The following examples illustrate how these principles apply.

Example 1. Company □ directly owns multiple restaurants and has no affiliates.

- Company □ may apply for a PPP loan if it employs 500 or fewer employees per location (including at its headquarters), even if the total number of employees employed across all locations is over 500.

Example 2. Company □ wholly owns Company Y and Company □ (as a result, Companies □, Y, and □ are all affiliates of one another). Company Y and Company □ each own a single restaurant with 500 or fewer employees.

- Company Y and Company □ can each apply for a separate PPP loan, because each has 500 or fewer employees. The affiliation rules do not apply, because Company Y and Company □ each has 500 or fewer employees and is in the food services business (with a NAICS code beginning with 72).

Example 3. Company □ wholly owns Company Y and Company □ (as a result, Companies □, Y, and □ are all affiliates of one another). Company Y owns a restaurant with 400 employees. Company □ is a construction company with 400 employees.

- Company Y is eligible for a PPP loan because it has 500 or fewer employees. The affiliation rules do not apply to Company Y, because it has 500 or fewer employees and is in the food services business (with a NAICS code beginning with 72).
- The waiver of the affiliation rules does not apply to Company □, because Company □ is in the construction industry. □nder SBA's affiliation rules, 13 CFR 121.301(f)(1) and (3), Company Y and Company □ are affiliates of one another because they are under the common control of Company □, which wholly owns both companies. This means that the size of Company □ is determined by adding its employees to those of Companies □ and Y. Therefore, Company □ is deemed to have more than 500 employees, together with its affiliates. However, Company □ may be eligible to receive a PPP loan as a small business concern if it, together with Companies □ and Y, meets SBA's other applicable size standards," as explained in FAQ □2.

25. **Question:** Does the information lenders are required to collect from PPP applicants regarding every owner who has a 20% or greater ownership stake in the applicant business (i.e., owner name, title, ownership %, TIN, and address) satisfy a lender's obligation to collect beneficial ownership information (which has a 25% ownership threshold) under the Bank Secrecy Act?

Answer:
For lenders with existing customers: With respect to collecting beneficial ownership information for owners holding a 20% or greater ownership interest, if the PPP loan is being made to an existing customer and the lender previously verified the necessary information, the lender does not need to re-verify the information. Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected such beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to Bank Secrecy Act (BSA) compliance.

For lenders with new customers: For new customers, the lender's collection of the following information from all natural persons with a 20% or greater ownership stake in the applicant business will be deemed to satisfy applicable BSA requirements and FinCEN regulations governing the collection of beneficial ownership information: owner name, title, ownership %, TIN, address, and date of birth. If any ownership interest of 20% or greater in the applicant business belongs to a business or other legal entity, lenders will need to collect appropriate beneficial ownership information for that entity. If you have questions about requirements related to beneficial ownership, go to https://www.fincen.gov/resources/statutes-and-regulations/cdd-final-rule. Decisions regarding further verification of beneficial ownership information collected from new customers should be made pursuant to the lender's risk-based approach to BSA compliance.[7]

26. **Question:** SBA regulations require approval by SBA's Standards of Conduct Committee (SCC) for SBA Assistance, other than disaster assistance, to an entity, if its sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest is: a current SBA employee; a Member of Congress; an appointed official or employee of the legislative or judicial branch; a member or employee of an SBA Advisory Council or SCORE volunteer; or a household member of any of the preceding individuals. Do these entities need the approval of the SCC in order to be eligible for a PPP loan?

    Answer: The SCC has authorized a blanket approval for PPP loans to such entities so that further action by the SCC is not necessary in the PPP program.

27. **Question:** SBA regulations require a written statement of no objection by the pertinent Department or military service before it provides any SBA Assistance, other than disaster loans, to an entity, if its sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest, or if a household member of any of the preceding individuals, is an employee of another Government Department or Agency having a grade of at least GS-13 or its equivalent. Does this requirement apply to PPP loans?

[7] Questions 21 □25 published April 13, 2020.

Answer: No. The SCC has determined that a written statement of no objection is not required from another Government Department or Agency for PPP loans.

28. **Question:** Is a lender permitted to submit a PPP loan application to SBA through E-Tran before the lender has fulfilled its responsibility to review the required borrower documentation and calculation of payroll costs?

    Answer: No. Before a lender submits a PPP loan through E-Tran, the lender must have collected the information and certifications contained in the Borrower Application Form and the lender must have fulfilled its obligations set forth in paragraphs 3.b.(i)-(iii) of the PPP Interim Final Rule. Please refer to the Interim Final Rule and FAQ □1 for more information on the lender's responsibility regarding confirmation of payroll costs.

    Lenders who did not understand that these steps are required before submission to E-Tran need not withdraw applications submitted to E-Tran before April 14, 2020, but must fulfill lender responsibilities with respect to those applications as soon as practicable and no later than loan closing.[8]

29. **Question:** Can lenders use scanned copies of documents or E-signatures or E-consents permitted by the E-sign Act?

    Answer: Yes. All PPP lenders may accept scanned copies of signed loan applications and documents containing the information and certifications required by SBA Form 2483 and the promissory note used for the PPP loan. Additionally, lenders may also accept any form of E-consent or E-signature that complies with the requirements of the Electronic Signatures in Global and National Commerce Act (P.L. 106-229).

    If electronic signatures are not feasible, when obtaining a wet ink signature without in-person contact, lenders should take appropriate steps to ensure the proper party has executed the document.

    This guidance does not supersede signature requirements imposed by other applicable law, including by the lender's primary federal regulator.[9]

30. **Question:** Can a lender sell a PPP loan into the secondary market?

    Answer: Yes. A PPP loan may be sold into the secondary market at any time after the loan is fully disbursed. A secondary market sale of a PPP loan does not require SBA approval. A PPP loan sold into the secondary market is 100% SBA guaranteed. A PPP loan may be sold on the secondary market at a premium or a discount to par value.[10]

[8] Questions 26 □28 published April 14, 2020.
[9] Question 29 published April 15, 2020.
[10] Question 30 published April 17, 2020.

31. **Question:** Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

    Answer: In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant." Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.

    Lenders may rely on a borrower's certification regarding the necessity of the loan request. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.[11]

32. **Question:** Does the cost of a housing stipend or allowance provided to an employee as part of compensation count toward payroll costs?

    Answer: Yes. Payroll costs includes all cash compensation paid to employees, subject to the $100,000 annual compensation per employee limitation.

33. **Question:** Is there existing guidance to help PPP applicants and lenders determine whether an individual employee's principal place of residence is in the □nited States?

    Answer: PPP applicants and lenders may consider IRS regulations (26 CFR □1.121-1(b)(2)) when determining whether an individual employee's principal place of residence is in the □nited States.

34. **Question:** Are agricultural producers, farmers, and ranchers eligible for PPP loans?

    Answer: Yes. Agricultural producers, farmers, and ranchers are eligible for PPP loans if: (i) the business has 500 or fewer employees, or (ii) the business fits within the revenue-based sized standard, which is average annual receipts of $1 million.

    Additionally, agricultural producers, farmers, and ranchers can qualify for PPP loans as a small business concern if their business meets SBA's "alternative size standard." The

[11] Question 31 published April 23, 2020.

"alternative size standard" is currently: (1) maximum net worth of the business is not more than $15 million, and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than $5 million.

For all of these criteria, the applicant must include its affiliates in its calculations. Link to Applicable Affiliation Rules for the PPP.

35. **Question:** Are agricultural and other forms of cooperatives eligible to receive PPP loans?

    Answer: As long as other PPP eligibility requirements are met, small agricultural cooperatives and other cooperatives may receive PPP loans.[12]

36. **Question:** To determine borrower eligibility under the 500-employee or other applicable threshold established by the CARES Act, must a borrower count all employees or only full-time equivalent employees?

    Answer: For purposes of loan eligibility, the CARES Act defines the term employee to include "individuals employed on a full-time, part-time, or other basis." A borrower must therefore calculate the total number of employees, including part-time employees, when determining their employee headcount for purposes of the eligibility threshold. For example, if a borrower has 200 full-time employees and 50 part-time employees each working 10 hours per week, the borrower has a total of 250 employees.

    By contrast, for purposes of loan forgiveness, the CARES Act uses the standard of "full-time equivalent employees" to determine the extent to which the loan forgiveness amount will be reduced in the event of workforce reductions.[13]

37. **Question:** Do businesses owned by private companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

    Answer: See response to FAQ □31.[14]

38. **Question:** Section 1102 of the CARES Act provides that PPP loans are available only to applicants that were "in operation on February 15, 2020." Is a business that was in operation on February 15, 2020 but had a change in ownership after February 15, 2020 eligible for a PPP loan?

    Answer: Yes. As long as the business was in operation on February 15, 2020, if it meets the other eligibility criteria, the business is eligible to apply for a PPP loan regardless of the change in ownership. In addition, where there is a change in ownership effectuated through a purchase of substantially all assets of a business that was in operation on

[12] Questions 32 □35 published April 24, 2020.
[13] Questions 36 published April 26, 2020.
[14] Question 37 published April 28, 2020.

February 15, the business acquiring the assets will be eligible to apply for a PPP loan even if the change in ownership results in the assignment of a new tax ID number and even if the acquiring business was not in operation until after February 15, 2020. If the acquiring business has maintained the operations of the pre-sale business, the acquiring business may rely on the historic payroll costs and headcount of the pre-sale business for the purposes of its PPP application, except where the pre-sale business had applied for and received a PPP loan. The Administrator, in consultation with the Secretary, has determined that the requirement that a business "was in operation on February 15, 2020" should be applied based on the economic realities of the business's operations.[15]

[15] Question 38 published April 29, 2020.

EXHIBIT 27

Short Message Report

Conversations: 1	Participants: 2
Total Messages: 298	Date Range: 5/1/2020

Outline of Conversations

DD5PLH2NN - 2020/05/01 • 298 messages on 5/1/2020 • Amit Kesarwani <akesarwani@kabbage.com> • Siddharth Shah <sshah@kabbage.com>

Messages in chronological order (times are shown in GMT +00:00)

DD5PLH2NN - 2020/05/01

S **Siddharth Shah <sshah@kabbage.com>** 5/1/2020, 12:58 AM
Sorry was sleeping

S **Siddharth Shah <sshah@kabbage.com>** 12:58 AM
Is it resolved

A **Amit Kesarwani <akesarwani@kabbage.com>** 12:59 AM
No

A **Amit Kesarwani <akesarwani@kabbage.com>** 12:59 AM
What do you think

S **Siddharth Shah <sshah@kabbage.com>** 12:59 AM
Continue with app 1

S **Siddharth Shah <sshah@kabbage.com>** 12:59 AM
Simplest solution

A **Amit Kesarwani <akesarwani@kabbage.com>** 12:59 AM
Why can't we clear kyb

A **Amit Kesarwani <akesarwani@kabbage.com>** 12:59 AM
For app 2

S **Siddharth Shah <sshah@kabbage.com>** 1:00 AM
No EIN

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:00 AM
Sole proprietor doesn't have

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:00 AM
Generally

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:00 AM
I have seen more

S **Siddharth Shah <sshah@kabbage.com>** 1:01 AM
Can they submit to sba without ein?

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:01 AM
Let's ask

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:01 AM
On group

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:01 AM
I think they can

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:01 AM
For soleprop

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:02 AM
She attached her license

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:02 AM
And also tax documents

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:02 AM
If anything is wrong

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:02 AM
She is commiting federal crime

S **Siddharth Shah <sshah@kabbage.com>** 1:02 AM
What's the problem with the App 1

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:02 AM
Kabbage is not liable

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:03 AM
Don't know

S **Siddharth Shah <sshah@kabbage.com>** 1:03 AM
Is that true

S **Siddharth Shah <sshah@kabbage.com>** 1:03 AM
Then when is kabbage liable

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:03 AM
It's first party fraud

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:03 AM
We are not liable

S **Siddharth Shah <sshah@kabbage.com>** 1:03 AM
Are you sure about that

S **Siddharth Shah <sshah@kabbage.com>** 1:03 AM
So if anyone forges documents, kabbage is not liable?

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:04 AM
Spencer , I, KP , Pujish and I had a long chat yesterday

S **Siddharth Shah <sshah@kabbage.com>** 1:04 AM
What's the point of any fraud checks then? I don't understand

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:04 AM
Forged doc is a different issue

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:04 AM
It's not forged

S **Siddharth Shah <sshah@kabbage.com>** 1:04 AM
I don't feel comfortable

S **Siddharth Shah <sshah@kabbage.com>** 1:04 AM
Please work with Bethany and team

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:05 AM
About which case?

S **Siddharth Shah <sshah@kabbage.com>** 1:05 AM
This case

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:06 AM
What's the process to remove flag

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:06 AM
I will do it

S **Siddharth Shah <sshah@kabbage.com>** 1:06 AM
Log in to <http://admin.kabbage.com|admin.kabbage.com>, search via userid, click on applications, and change status to verified

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:07 AM
Okay

S **Siddharth Shah <sshah@kabbage.com>** 1:07 AM
Update Salesforce with details in case of audit concerns

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:07 AM
Was the first app llc?

S **Siddharth Shah <sshah@kabbage.com>** 1:08 AM
Corporation

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:09 AM
I think she is the only employee

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:10 AM
So probably she filled taxes as sole prop

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:10 AM
That's why we have 1040c and not 940

S **Siddharth Shah <sshah@kabbage.com>** 1:10 AM
They only provided schedule C btw

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:10 AM
That's the reason she deleted

S **Siddharth Shah <sshah@kabbage.com>** 1:10 AM
Or full tax returns

S **Siddharth Shah <sshah@kabbage.com>** 1:10 AM
*Not

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:10 AM
Schedule C is the only requirement

S **Siddharth Shah <sshah@kabbage.com>** 1:10 AM
Anyone can create that on word doc

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:10 AM
For sole prop

S **Siddharth Shah <sshah@kabbage.com>** 1:10 AM
For payroll

S **Siddharth Shah <sshah@kabbage.com>** 1:11 AM
For establishing business existence, we should request full tax return imo

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:13 AM
whats the process today for passing KYB for soleprop

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:13 AM
They will Never have a time

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:13 AM
I am asking from manual verification standpoint

S **Siddharth Shah <sshah@kabbage.com>** 1:16 AM
[April 27th, 2020 3:50 PM] jrobinson: would y'all use a 2018 schedule C to verify business name, users association and address? or only 2019?

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:16 AM
can you reset my TLO password?

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:18 AM
It says email will be sent

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:18 AM
but it never came

S **Siddharth Shah <sshah@kabbage.com>** 1:18 AM
Are you logged in to vpn?

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:18 AM
yes

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:18 AM
I wanted to check her on TLO

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:18 AM
based on SSN

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:18 AM
if there is any association

S **Siddharth Shah <sshah@kabbage.com>** 1:18 AM
Ok give me a few minutes

S **Siddharth Shah <sshah@kabbage.com>** 1:18 AM
Association of?

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:19 AM
Association with this business

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:19 AM
Thats a proof of KYB

S **Siddharth Shah <sshah@kabbage.com>** 1:19 AM
I had checked

S **Siddharth Shah <sshah@kabbage.com>** 1:19 AM
I could find the Corp in TLO

S **Siddharth Shah <sshah@kabbage.com>** 1:19 AM
Not the sole prop

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:19 AM
not the business

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:19 AM
Search individual

S **Siddharth Shah <sshah@kabbage.com>** 1:19 AM
Probably why they got a 0

S **Siddharth Shah <sshah@kabbage.com>** 1:20 AM
But we are reviewing KYB

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:20 AM
then she if she has associated with her profile

S **Siddharth Shah <sshah@kabbage.com>** 1:21 AM
The individual can be associated to the address but we would still need proof that the business exists and is associated to that address

S **Siddharth Shah <sshah@kabbage.com>** 1:22 AM
Will reset in 5 mins

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:23 AM
Basically, TLO shows business affiliations too with individuals

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:23 AM
I want to see if we serah by her SSN, do we see any business under her profile

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:23 AM
If not, then what addional documents we will need

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:23 AM
to Pass her KYB?

S **Siddharth Shah <sshah@kabbage.com>** 1:25 AM
i have reset

S **Siddharth Shah <sshah@kabbage.com>** 1:25 AM
i would request a full tax return

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:25 AM
Great

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:25 AM
Thanks ,

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:25 AM
Now, what if she had no business in 2018

S **Siddharth Shah <sshah@kabbage.com>** 1:26 AM
then how does she have a schedule C

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:26 AM
Thats for 2019 I guess

S **Siddharth Shah <sshah@kabbage.com>** 1:26 AM
then can provide full tax return for 2019

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:26 AM
Got it, make sense

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:26 AM
I will respond KP

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:27 AM
Give me 5 mins

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:27 AM
I will review TLO

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:27 AM
if not enough, we can request W2 and Full tax return

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:27 AM
Pujish Need W2

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:28 AM
he just confirmed

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:28 AM
Who can send these doc requests?

S **Siddharth Shah <sshah@kabbage.com>** 1:28 AM
You can open it in Kore

S **Siddharth Shah <sshah@kabbage.com>** 1:28 AM
Or ask Pujish

S **Siddharth Shah <sshah@kabbage.com>** 1:28 AM
Or give me a few minutes

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:29 AM
I will get it via Pujish

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:29 AM
Thanks

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:32 AM
I changed but not working 😟

S **Siddharth Shah <sshah@kabbage.com>** 1:33 AM

What error did you get

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:33 AM
LOGIN FAILED: Invalid USER ID or PASSWORD.

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:33 AM
worked now

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:33 AM
wierd

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:34 AM
what selections

S **Siddharth Shah <sshah@kabbage.com>** 1:34 AM
Great

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:34 AM
please remind me

S **Siddharth Shah <sshah@kabbage.com>** 1:34 AM
3b

S **Siddharth Shah <sshah@kabbage.com>** 1:34 AM
3

S **Siddharth Shah <sshah@kabbage.com>** 1:34 AM
Last one is false

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:34 AM
yes or no in 2

S **Siddharth Shah <sshah@kabbage.com>** 1:35 AM
What is the question

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:36 AM
Will the TransUnion Risk and Alternative Data Solutions, Inc. (“TRADS”) services be used in connection with demand deposit, transaction account or brokerage account opening, monitoring or review (excluding collection activities)?

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:36 AM
should be No i guess

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:41 AM
She run this company as per TLO

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:41 AM
as sole prop

S **Siddharth Shah <sshah@kabbage.com>** 1:41 AM
Where did you see that

S **Siddharth Shah <sshah@kabbage.com>** 1:41 AM
Can you send screenshot

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:42 AM
Comprehensive report

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:42 AM
US Corporate Affiliations (2 Found)

S **Siddharth Shah <sshah@kabbage.com>** 1:43 AM
Ok

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:44 AM
Can you please also see and double check

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:44 AM
I am downloading

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:44 AM
and sending you

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:45 AM
Please delete after download and review

S **Siddharth Shah <sshah@kabbage.com>** 1:46 AM
its showing corporation

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:47 AM
can corporations file 1040C

S **Siddharth Shah <sshah@kabbage.com>** 1:47 AM
you will have to delete the comprehensive report from your end

S **Siddharth Shah <sshah@kabbage.com>** 1:48 AM
thats the business name they used on the first app and got a 50

S **Siddharth Shah <sshah@kabbage.com>** 1:48 AM
deleting image

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:49 AM
this is wierd case then

S **Siddharth Shah <sshah@kabbage.com>** 1:49 AM
exactly

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:49 AM
Something is wrong

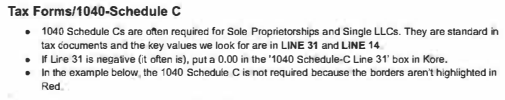
A **Amit Kesarwani <akesarwani@kabbage.com>** 1:49 AM
I think single LLC can file 1040C

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:52 AM
She is a single LLC

S **Siddharth Shah <sshah@kabbage.com>** 1:52 AM
would single llc have schedule C?

S **Siddharth Shah <sshah@kabbage.com>** 1:52 AM
isnt that for sole prop

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:53 AM


Tax Forms/1040-Schedule C

- 1040 Schedule Cs are often required for Sole Proprietorships and Single LLCs. They are standard in tax documents and the key values we look for are in **LINE 31** and **LINE 14**.
- If Line 31 is negative (it often is), put a 0.00 in the '1040 Schedule-C Line 31' box in Kore.
- In the example below, the 1040 Schedule C is not required because the borders aren't highlighted in Red.

Image: image.png (82 KB)

S **Siddharth Shah <sshah@kabbage.com>** 1:54 AM
ok

S **Siddharth Shah <sshah@kabbage.com>** 1:54 AM
we should request full tax return...anyone can type a schedule c and send

S **Siddharth Shah <sshah@kabbage.com>** 1:54 AM
there is no confirmation on this schedule c that it has been filed with IRS

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:55 AM
I know, but looks unlikely because her old app and new app had same numbers in 1040c

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:55 AM
But we will ask

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:55 AM
anyways

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:56 AM
who can clear a KYC/KYB flag, and put manual verification need field

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:56 AM
?

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:56 AM
Until we get void check and Full Tax

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:56 AM
will not release money

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:57 AM
Are you happy with this verdict?

S **Siddharth Shah <sshah@kabbage.com>** 1:57 AM
it is not about me being happy or not...but sure it works

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:57 AM
i know, you are expert

S **Siddharth Shah <sshah@kabbage.com>** 1:57 AM
can you see if you can do it in admin

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:57 AM
and i am learning

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:58 AM
🙂

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:58 AM
so, i respect your opinion

S **Siddharth Shah <sshah@kabbage.com>** 1:58 AM
if not, i will do it here in a few minutes

A **Amit Kesarwani <akesarwani@kabbage.com>** 1:58 AM
this is a new area for me

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:02 AM
can't i think I don't have admin privilage

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:02 AM
it was taken away

S **Siddharth Shah <sshah@kabbage.com>** 2:02 AM
ok give me 10 minutes

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:03 AM
few days back when Clint was doing it

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:03 AM
So, two doc requests

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:03 AM
and manual var failed flag

S **Siddharth Shah <sshah@kabbage.com>** 2:03 AM
doc request can be opened in kore and flag can also be added

S **Siddharth Shah <sshah@kabbage.com>** 2:03 AM
its just the verification thing

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:03 AM
take your time, no rush

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:03 AM
Thanks

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:04 AM
We will do all diligence

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:04 AM
Just wanty to push it to SBA

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:04 AM
just 36 hours or 48 hours left

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:05 AM
SBA reulation is also the same.. Due diligence can be done later too

S **Siddharth Shah <sshah@kabbage.com>** 2:06 AM
ok its done

A **Amit Kesarwani <akesarwani@kabbage.com>** 2:36 AM
Thanks

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:08 AM
Hey, do we need to Check TLO if someone fail just KYC?

S **Siddharth Shah <sshah@kabbage.com>** 4:47 AM
yes, we need to verify the risk indicators we got for KYC

A **Amit Kesarwani <akesarwani@kabbage.com>** 5:14 AM
I pushed Mukesh to increase output

A **Amit Kesarwani <akesarwani@kabbage.com>** 5:14 AM
Please try similar message in your talk

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:10 PM
Make sure, this woman is not stopped

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:10 PM
in KYC/KYB bug queue

S **Siddharth Shah <sshah@kabbage.com>** 3:10 PM
which woman

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:10 PM
the case we looked yesterday night

S **Siddharth Shah <sshah@kabbage.com>** 3:11 PM
do you have the guid

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:11 PM
yes

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:11 PM
1 min plz

S **Siddharth Shah <sshah@kabbage.com>** 3:12 PM
found it

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:12 PM
cool

S **Siddharth Shah <sshah@kabbage.com>** 3:13 PM
they are not on the list to flag and review right now

S **Siddharth Shah <sshah@kabbage.com>** 3:14 PM
probably cuz they never got to ready to send to sba stage

S **Siddharth Shah <sshah@kabbage.com>** 3:14 PM
it was a new app

S **Siddharth Shah <sshah@kabbage.com>** 3:14 PM
but i will try and remember that

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:14 PM
thanks

A **Amit Kesarwani <akesarwani@kabbage.com>** 3:18 PM
put in the code. userid not in

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:17 PM
Hey
KP is asking- can we force that doc request to her?

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:17 PM
Is it doable

S **Siddharth Shah <sshah@kabbage.com>** 4:18 PM
I already did it yesterday

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:18 PM
Her meaning to KP

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:18 PM
she want that doc request

S **Siddharth Shah <sshah@kabbage.com>** 4:19 PM
Don't get the question

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:19 PM
Can you force that doc request for me?

[12:13 PM] Thank you

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:19 PM
Thats the question

S **Siddharth Shah <sshah@kabbage.com>** 4:20 PM
It's already forced

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:22 PM
I mean can it be sent to some other email id

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:22 PM
for that account

S **Siddharth Shah <sshah@kabbage.com>** 4:28 PM
will call you back

S **Siddharth Shah <sshah@kabbage.com>** 4:28 PM
give me 5 minutes

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:28 PM
no worries

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:55 PM
need 2 mins

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:55 PM
For Line increase manual review

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:55 PM
Do we calculate eligibility and line manually?

A **Amit Kesarwani <akesarwani@kabbage.com>** 4:56 PM
for cases where channel is not connected and bank account review is needed

S **Siddharth Shah <sshah@kabbage.com>** 5:06 PM
yes, but with guardrails and multipliers given

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:48 PM
Fraud rings are first or 2nd party

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:48 PM
?

S **Siddharth Shah <sshah@kabbage.com>** 7:48 PM
usually third party

S **Siddharth Shah <sshah@kabbage.com>** 7:48 PM
id theft related

S **Siddharth Shah <sshah@kabbage.com>** 7:49 PM
someone gets hold of a bunch of ids and keeps creating apps for them

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:49 PM
give me a first and 2nd party fraud at kabbage

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:49 PM
examples*

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:49 PM
They will ask,

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:49 PM
some example of first or 2nd

S **Siddharth Shah <sshah@kabbage.com>** 7:50 PM
first party - armenian fraud ring

S **Siddharth Shah <sshah@kabbage.com>** 7:50 PM
second party - can find some one off cases

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:50 PM
then why 2nd party is similar percentage as first? Shouldn't 2nd party be small

S **Siddharth Shah <sshah@kabbage.com>** 7:51 PM
it is small right 60-30-10 was what i said...

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:51 PM
30 is first or second

S **Siddharth Shah <sshah@kabbage.com>** 7:51 PM
30 is first

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:51 PM
got you

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:52 PM
example of 3rd party ones

S **Siddharth Shah <sshah@kabbage.com>** 7:52 PM
paypal fraud ring

S **Siddharth Shah <sshah@kabbage.com>** 7:53 PM
stealing id to pass kyb/c, connecting paypal as default for disbursement and adding ynn/ynm account to get a line

S **Siddharth Shah <sshah@kabbage.com>** 7:53 PM
alibaba fraud as well

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:57 PM
got you

S **Siddharth Shah <sshah@kabbage.com>** 7:57 PM
are they going to ask questions in this meeting

S **Siddharth Shah <sshah@kabbage.com>** 7:57 PM
to you

S **Siddharth Shah <sshah@kabbage.com>** 7:57 PM
on fraud

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:58 PM
No

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:58 PM
Don't know

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:58 PM
First meeting is internal

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:58 PM
Let see

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:58 PM
They will send questions

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:58 PM
we will respond in writeup

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:58 PM
i guess

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:58 PM
or call

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:59 PM
By the way

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:59 PM
Lets PUt URS on 2-30 KYB tomorrow

S **Siddharth Shah <sshah@kabbage.com>** 7:59 PM
is urs team working over weekend

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:59 PM
I want to see which is fast.. KYC or KYP

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:59 PM
KYB*

A **Amit Kesarwani <akesarwani@kabbage.com>** 7:59 PM
I mean whenever they work again

S **Siddharth Shah <sshah@kabbage.com>** 8:00 PM
sunday night

S **Siddharth Shah <sshah@kabbage.com>** 8:00 PM
ok

A **Amit Kesarwani <akesarwani@kabbage.com>** 8:00 PM
I pushed them already on Volume

S **Siddharth Shah <sshah@kabbage.com>** 8:00 PM
can you also push lopapa and clint on getting them access to admin

S **Siddharth Shah <sshah@kabbage.com>** 8:00 PM
they are not able to change the id status on their end

S **Siddharth Shah <sshah@kabbage.com>** 8:00 PM
since that is only in admin

S **Siddharth Shah <sshah@kabbage.com>** 8:01 PM
we have to do it for the approved accounts

A **Amit Kesarwani <akesarwani@kabbage.com>** 8:01 PM
so, how are we changing to approved

S **Siddharth Shah <sshah@kabbage.com>** 8:01 PM
trey

S **Siddharth Shah <sshah@kabbage.com>** 8:01 PM
right now its ok since numbers are low

S **Siddharth Shah <sshah@kabbage.com>** 8:01 PM
but not possible with more numbers

S **Siddharth Shah <sshah@kabbage.com>** 8:02 PM
i have already pinged them

S **Siddharth Shah <sshah@kabbage.com>** 8:02 PM
clint/lopapa/dylan

A **Amit Kesarwani <akesarwani@kabbage.com>** 8:17 PM
ok

A **Amit Kesarwani <akesarwani@kabbage.com>** 8:17 PM
i am on webex

S **Siddharth Shah <sshah@kabbage.com>** 8:39 PM

- Fraud – Fraud verified and confirmed by Fraud
- Pending Fraud- Fraud identified by collection team and not confirmed by Fraud-
- Reversals or Hidden Fraud – Union of network , reversal and hidden fraud;
- Fraud network – Account connected to verified fraud;
- Reversal Fraud – ZPD accounts that returned 'unauthorized' reversal codes
- Hidden Fraud – ZPD accounts that have multiple fraud triggers (>4);Verified

Image: image.png (98 KB)

S **Siddharth Shah <sshah@kabbage.com>** 8:41 PM
<https://drive.google.com/drive/u/2/folders/1jVW5JO9cZ2xDcblMfE0aABfsLF3sZx2D>

S **Siddharth Shah <sshah@kabbage.com>** 8:42 PM
<https://docs.google.com/presentation/d/1KRxXphhFutz2vfTLZJymjgZaKUD0su6s/edit?dls=true>

S **Siddharth Shah <sshah@kabbage.com>** 8:56 PM
R02
R03
R04
R05
R07
R08
R09
R10
R16
R20
R29
R73

S **Siddharth Shah <sshah@kabbage.com>** 8:59 PM
<https://www.vericheck.com/ach-return-codes/> Vericheck Inc: ACH Return Codes (R01 - R33) - NACHA ACH Return Codes

S **Siddharth Shah <sshah@kabbage.com>** 8:59 PM
<https://drive.google.com/drive/u/2/folders/1s-ea_jwQ4836Q4R9rS23OiDNbMTNrJOP>

A **Amit Kesarwani <akesarwani@kabbage.com>** 9:51 PM
Hey
What are 4 triggers

A **Amit Kesarwani <akesarwani@kabbage.com>** 9:51 PM
For identifying fraud

S **Siddharth Shah <sshah@kabbage.com>** 10:12 PM
just sent a reply

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:12 PM
Thanks

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:14 PM
sentilink and emailage will also be indicators ?
Correct

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:14 PM
Triggers I mean

S **Siddharth Shah <sshah@kabbage.com>** 10:14 PM
that is what i thought

S **Siddharth Shah <sshah@kabbage.com>** 10:14 PM
but i didnt see them here

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:15 PM
Okay

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:15 PM
It should have been more impactful

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:15 PM
If we add it, I guess

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:16 PM
But good for now

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:16 PM
Don't send anything

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:16 PM
More

S **Siddharth Shah <sshah@kabbage.com>** 10:16 PM
ok

S **Siddharth Shah <sshah@kabbage.com>** 10:17 PM
need abhigyan for this lol

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:17 PM
Claimed fraud is also not clear

A **Amit Kesarwani <akesarwani@kabbage.com>** 10:17 PM
We may get another question 😅

S **Siddharth Shah <sshah@kabbage.com>** 10:19 PM
ok

EXHIBIT 28

From: Amit Kesarwani <akesarwani@kabbage.com>
Sent: Friday, May 22, 2020 10:57 AM
To: Joseph Sce
Cc: Scott Asher
Subject: Re: Request on flag clearing

Got it, Thanks. I will reach to Nan.
Sorry, I didn't know whom she reports to.

Regards,
Amit

On Fri, May 22, 2020 at 10:36 AM Joseph Sce <jsce@kabbage.com> wrote:
Good Morning Amit,

I took a look at this one and it was cleared by Alicia Caul. She is actually working for Nan on the Document Review team. She is not in my group. You may want to reach out to Nan so she can share the message with her group on clearing flags.

Joe

On Wed, May 20, 2020 at 3:55 PM Amit Kesarwani <akesarwani@kabbage.com> wrote:
Thanks Joseph.
ade49434-41f3-49be-9f52-1a478cd46110

On Wed, May 20, 2020 at 3:50 PM Joseph Sce <jsce@kabbage.com> wrote:
Amit,

Can you get me the GUID in question please so I can address the agent.

We stressed it with the team again today.

Joe

On Wed, May 20, 2020 at 12:49 PM Amit Kesarwani <akesarwani@kabbage.com> wrote:
We have one more case today where the Felony flag is removed by a customer-facing person. The person who cleared it doesn't have any visibility in LexisNexis Background data or TLO, so not sure why the flag was removed.
I think we should make clear policies around - who can clear flags and who can not. Otherwise, someday we will end up in a difficult financial/legal situation. The team should understand that every team is working toward a common goal of maximizing profit for Kabbage. So, if there is a flag on some account, there must be some reason behind it.

I would appreciate your help in enforcing this policy on the ground.

Regards,
Amit

On Sat, May 16, 2020 at 11:53 AM Amit Kesarwani <akesarwani@kabbage.com> wrote:
Thank You!!

On Sat, May 16, 2020 at 9:35 AM Joseph Sce <jsce@kabbage.com> wrote:
Good Morning Amit,

I will take a look at this and address the team and individual as well. Thanks,

Joe

On Fri, May 15, 2020 at 5:51 PM Amit Kesarwani <akesarwani@kabbage.com> wrote:
Hi Scott/Joseph,

Could you please request the customer-facing teams to not clear any flags on fraud/KYC/KYB/Background-check? I would encourage the team to escalate these cases whenever needed and we will review them ASAP.

I heard from the team that the "SBA-Manual verification" flag was cleared for one user (KUserid -1927812) without keeping the Fraud review team in the loop. This customer was listed as a fraud suspect because of its device connection with a fraudulant account.
We are following a process for fraud cases:
We asked for additional docs and if they submit correctly, the flag will be cleared by some team member. If docs are not sufficient, we will request an outbound call but based on their skip trace number. Multiple data points are used to make a decision on clearing vs not clearing.

Thanks.
--

Amit Kesarwani
www.kabbage.com +1 669 262 8826

Kabbage, Inc.
730 Peachtree St NE #1100
Atlanta, GA 30308

--

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Part of the Kabbage Team
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--

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EXHIBIT 29

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□orrower A□□i□□tion □or□ □e□ise□ □une □□□□

OMB Control No.: 3245-0407
Expiration Date: 10/31/2020

□□e□□ □ne: ❑ Sole proprietor ❑ Partnership ❑ C-Corp ❑ S-Corp ❑ LLC ❑ Independent contractor ❑ Eligible self-employed individual ❑ 501(c)(3) nonprofit ❑ 501(c)(19) veterans organization ❑ Tribal business (sec. 31(b)(2)(C) of Small Business Act) ❑ Other	□□A or □r□□en□□e i□A□□i□□□e
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Average Monthly Payroll:	$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	$	Number of Employees:	
Purpose of the loan (select more than one):	☐Payroll ☐Lease / Mortgage Interest ☐□tilities ☐Other (explain): _____				

A□□i□□nt □wners□i□

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

□wner □□□e	**□it□e**	**□wners□i□ □**	**□□□ □□□□□□□□**	**A□□ress**

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

	Question	**□es**	**□o**
1.	Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	☐	☐
2.	Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	☐	☐
3.	Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	☐	☐
4.	Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	☐	☐

If questions (5) or (6) are answered "Yes," the loan will not be approved.

	Question	**□es**	**□o**
5.	Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 → _____	☐	☐
6.	Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; or 4) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → _____	☐	☐
7.	Is the □nited States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	☐	☐
8.	Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	☐	☐

A00286

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CERTIFICATIONS AND A□THORI□ATIONS

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule).
- The Applicant (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any loan received by the Applicant under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by **initi□in□**next to each one:

_____ The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

_____ Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

_____ The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

_____ The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the 24-week period following this loan.

_____ I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 40% of the forgiven amount may be for non-payroll costs.

_____ During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.

_____ I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 □SC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to $250,000; under 15 □SC 645 by imprisonment of not more than two years and/or a fine of not more than $5,000; and, if submitted to a federally insured institution, under 18 □SC 1014 by imprisonment of not more than thirty years and/or a fine of not more than $1,000,000.

_____ I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

_____ _____
Signature of Authorized Representative of Applicant Date

_____ _____
Print Name Title

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This form is to be completed by the authorized representative of the Applicant and ***submitted to your SBA Participating Lender***. Submission of the requested information is required to make a determination regarding eligibility for financial assistance. Failure to submit the information would affect that determination.

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With respect to "purpose of the loan," payroll costs consist of compensation to employees (whose principal place of residence is the □nited States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

For purposes of calculating "Average Monthly Payroll," most Applicants will use the average monthly payroll for 2019, excluding costs over $100,000 on an annualized basis for each employee. For seasonal businesses, the Applicant may elect to instead use average monthly payroll for the time period between February 15, 2019 and June 30, 2019 or any 12-week period between May 1, 2019 and September 15, 2019, excluding costs over $100,000 on an annualized basis for each employee. For new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over $100,000 on an annualized basis for each employee.

If Applicant is refinancing an Economic Injury Disaster Loan (EIDL): Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020, less the amount of any "advance" under an EIDL CO□ID-19 loan, to Loan Request as indicated on the form.

All parties listed below are considered owners of the Applicant as defined in 13 CFR □120.10, as well as "principals":

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners, and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation;
- For limited liability companies, all members owning 20% or more of the company; and
- Any Trustor (if the Applicant is owned by a trust).

□□erwor□ □e□u□tion A□t □You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 8 minutes. Comments about this time or the information requested should be sent to: Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416, and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503. **□□□A□□ □□ □□□ □□□□ □□□□ □ □□ □□□□□ A□□□□□□□□.**

□ri□□□A□t □□.□.□. □□□□□□nder the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. (But see Debt Collection Notice regarding taxpayer identification number below.) Disclosures of name and other personal identifiers are required to provide SBA with sufficient information to make a character determination. When evaluating character, SBA considers the person's integrity, candor, and disposition toward criminal actions. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 □SC Section 636(a)(1)(B) of the Small Business Act (the Act).

□is□osure o□□n□or□ □tion □Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act. The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use is the disclosure of information maintained in SBA's system of records when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature. Specifically, SBA may refer the information to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for, or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use is disclosure to other Federal agencies conducting background checks but only to the extent the information is relevant to the requesting agencies' function. See, 74 F.R. 14890 (2009), and as amended from time to time for additional background and other routine uses. In addition, the CARES Act, requires SBA to register every loan made under the Paycheck Protection Act using the Taxpayer Identification Number (TIN) assigned to the borrower.

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□ree□o□ o□□n□or□ □tion A□t □□ □.□.□. □□□□□Subject to certain exceptions, SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

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□i□i□□i□□ts □13 □.□.□. 11□□113□11□□□All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. All borrowers must display the □Equal Employment Opportunity Poster□prescribed by SBA.

□□u□□□re□it □ □□ortunit□A□t □1□□.□.□. 1□□1□□Creditors are prohibited from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

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EXHIBIT 30

Kabbage

June 11, 2020

ALVAREZ & MARSAL

Paycheck Protection Program Assessment



Report Limitations

General Limitations

The information contained herein has been prepared by Alvarez & Marsal Disputes and Investigations, LLC (A&M) and is based upon financial, regulatory, and other data provided by management and staff of the Company, including access to source systems, and other sources deemed reliable by A&M. A&M further relied upon the assurance of management of the Company that they were unaware of any facts that would make the information provided by them to A&M incomplete or misleading. A&M has not subjected the information contained herein to an audit in accordance with Generally Accepted Auditing or Attestation Standards or the Statement on Standards for Prospective Financial Information issued by the AICPA. Accordingly, A&M cannot express an opinion or any other form of assurance on, and assumes no responsibility for, the accuracy or correctness of the historical information, system data, or the completeness and achievability of the projected financial data, information, and assessments upon which the enclosed report (the "Report") is presented.

PPP Limitations

Due to the timing of this independent assessment in relation to the release of rules and guidance for the Paycheck Protection Program (PPP), A&M's assessment does not consider or incorporate risk relating to the loan forgiveness phase. While the loan forgiveness phase is an integral part of the program and likely includes unique inherent risks faced by Kabbage, the incomplete guidance at the time of the beginning of this assessment prevented A&M from both assessing the guidance as well as any Kabbage policies or procedures in relation to the guidance. As such, A&M does not offer in this report any observations or opinions relating to this phase of the PPP and recommends Kabbage perform additional testing on this phase once the SBA guidance and Kabbage policies and procedures are finalized.

Executive Summary

Pursuant to an engagement letter dated May 8th, 2020, between Kabbage, Inc. (Kabbage) and A&M Disputes and Investigations, A&M performed an independent risk assessment and targeted testing of Kabbage's Paycheck Protection Program (PPP). The covered period for this assessment was from initial product launch through May 20th, 2020.

The independent risk assessment and testing was performed through telephonic interviews of relevant Kabbage personnel, an assessment of relevant compliance and operational documentation, and a high-level review of certain controls in place with relation to the PPP. See Appendices A and B of this report for a list of documents assessed and personnel interviewed, respectively.

Overall, A&M observed a PPP compliance program that generally appears to be consistent with the SBA's PPP Interim Final Rules guidance and applicable BSA/AML and OFAC requirements and our understanding of regulatory expectations. We also observed that Kabbage is currently in the midst of enhancing controls and making key operational changes to comply with evolving SBA PPP guidance changes.

Through A&M's targeted independent assessment and testing, relevant risks and controls were identified. Kabbage should leverage the risk and control matrix provided to address high risk areas with control enhancements. In addition, as rule changes are issued, and other key risks are identified internally, Kabbage should update the risk and control matrix to account for such changes (e.g., loan forgiveness interim final rule guidance). The risk and control matrix should be a tool used by Kabbage that is constantly evolving.

In conclusion of the risk assessment and testing, A&M identified areas of improvement to strengthen compliance and operational processes and noted them in the recommendations sections of the Risk and Control Matrix and Independent Testing.

01 Scope

ALVAREZ & MARSAL

Scope and A&M Approach

Scope

- A&M Shall provide the following services to the Company:
  - (1) Conduct an independent risk assessment on the Payment Protection Program (PPP) loans;
  - (2) Provide a risk assessment report, including recommendations to mitigate identified risks;
  - (3) Review of applicable policies and procedures;
  - (4) Review existing red flags, and recommend additional red flags as necessary that indicate potentially suspicious activity, specifically as they relate to fraud;
  - (5) Independent testing and report of the program/processes, including recommendations to address findings; and
  - (6) Such other services as may be agreed to by A&M and the Company.

A&M Approach

- A&M will accomplish the services listed in the scope section through the following:
  - (1) Document review (policies, procedures, previous assessments, previous exams, organizational charts, and other relevant information);
  - (2) Telephonic interviews;
  - (3) Observation and review of processes (customer onboarding, CDD/EDD, transaction monitoring, PEP & Sanctions screening, suspicious activity reporting, risk modeling, and investigations);
  - (4) Discussion with senior compliance staff.

02 Risk & Control Matrix Assessment

ALVAREZ & MARSAL

Risk Assessment Methodology

Framework for Measuring Residual Risk

This risk assessment is designed to assist management in evaluating compliance and operational risks related to Paycheck Protection Program (PPP). A&M took existing policies, procedures and identified internal controls into consideration in the evaluation of residual risk for Kabbage. Residual risk is a function of two separate components: (i) the institution's inherent risk and (ii) the institution's Quality of Risk Management (QRM).

Inherent risk is a measure of the risk created by a particular institution-wide characteristic or products assuming that the institution has no controls in place to manage that risk. QRM is a measure of the controls in place at a particular institution to control its overall inherent risk. To appropriately understand residual risk, it is necessary to understand both inherent risk and QRM. For example, an institution with high inherent risk may nevertheless have low or moderate residual risk if the institution has strong QRM.

Inherent Risk & QRM

A&M prepared this assessment based on Interim Final Rule guidance from the Small Business Administration (SBA). A&M held discussions with members from Kabbage's compliance, risk and business teams on May 29th, 2020 and June 1st, 2020, telephonically to discuss the PPP product offering.

We identified inherent risk factors that drive Kabbage's PPP risk. Inherent risk is expressed as a risk consideration (Low, Moderate and High) and reflects the extent to which that particular inherent risk factor drives the overall inherent risk.

We also identified QRM categories that mitigate Kabbage's inherent risk. QRM is expressed as a risk consideration (Strong, Satisfactory and Needs Improvement) and reflects Kabbage's overall risk mitigation in relation to the PPP product.

A&M Risk Ratings and Kabbage Updates

A&M's risk ratings are based on A&M's independent observations of Kabbage's PPP compliance program and leverage policies, procedures, sample documentation, interviews, and other communication with key PPP personnel.

Kabbage should adjust any risk ratings provided in the Risk and Control Matrix to reflect changes in risk and thus treat the Matrix as a living document. Additionally, any incomplete sections of the Risk and Control matrix should be completed to finalize the initial draft of the matrix.

As such, Kabbage should update the risk and control matrix when one of the following events occur:

- Updates to SBA PPP regulatory guidance
- Identification of additional risk factors internally
- Updates to any operational/compliance processes

Risk Considerations – Residual Risk

Residual Risk Considerations	
Low	A product or process where internal controls and risk management systems mitigate substantially all of the inherent risk. Management proactively identifies and controls regulatory and operational risks undertaken by the institution and responds promptly to changes in the institution's risk profile. Internal controls and risk management systems are commensurate with the magnitude and complexity of the product or process. Incidents and exceptions are not expected to occur and if they did occur would not be material or part of a pattern. No impact to Kabbage's earnings or capital is likely. Management reports and information systems are appropriate to keep management and the Board informed of Kabbage's risk profile.
Moderate	A product or process where internal controls and risk management systems manage most of the inherent risk, but a significant portion of risk is not controlled. Management identifies regulatory and operational risk and responds to changing conditions, but gaps are present. Internal controls and risk management systems are not fully commensurate with the magnitude and complexity of the product or process. Incidents and exceptions may occur from time to time and they could be material or part of a pattern. A material impact to Kabbage's earnings and capital could occur. Management reports and information systems are not adequate to keep management and the Board informed of Kabbage's risk profile.
High	A product or process where internal controls and risk management systems manage little or none of the inherent risk and large gaps exist. Management may identify regulatory and operational risk, but response to changing conditions is inadequate. Internal controls and risk management systems are not commensurate with the magnitude and complexity of the product or process. Incidents and exceptions do occur regularly and they are material or part of a pattern. A material impact to Kabbage's earnings and capital has occurred or is imminent. Management reports and information systems are not present or are not adequate to keep management and the Board informed of Kabbage's risk profile.

Risk Considerations – Inherent Risk

Inherent Risk Considerations*	
Low	The volume, size, or nature of the product or process is such that in the absence of functional controls, losses or violations of law or regulation would have little negative impact on Kabbage's earnings and capital.
Moderate	The volume, size or nature of the product or process is such that in the absence of functional controls losses or violations of law and regulation would have a material effect on Kabbage's earnings and capital.
High	The volume, size, or nature of the product or process is such that in the absence of functional controls losses or violations of law and regulation would have a material impact on Kabbage's earnings and capital. A critical inherent risk also implies that absent functional controls losses or violations have occurred or are imminent.

* Inherent risk is often described as a pure state where no controls whatsoever exist. In practice this pure state never exists and the concept proves to be an impediment to fully appreciating risk management methodology. We use the term 'functional controls' here to acknowledge that some form of structure probably exists, but is not targeted to the specific risk; in other words does not functionally control the specific risk. Inherent risk establishes a practical starting point for application of controls and risk management systems, which will function to mitigate inherent risk to a level that is within Kabbage's risk appetite.

Risk Considerations – Quality of Risk Management

Quality of Risk Management Considerations	
Strong	Kabbage's risk management systems fully identify and appropriately control all risks posed by the product or process. The risk management framework as applied to the product or process contains all required elements, including board and executive management participation, established risk appetite, risk assessment, policies and procedures, reporting, testing and monitoring, audit, appropriate risk management and reporting systems. Losses, exceptions, and violations of law or regulation are rare and not material to Kabbage's earnings and capital.
Satisfactory	The Kabbage's risk management systems identify and appropriately control most risks posed by the product or process, but some gaps may exist. The risk management framework as applied to the product or process contains most required elements, including board and executive management participation, established risk appetite, risk assessment, policies and procedures, reporting, testing and monitoring, audit, appropriate risk management and reporting systems. Some of the elements of the risk management framework may not be fully developed or gaps may exist. These may increase the residual risk level, but do not result in an unacceptable residual risk. Losses, exceptions, and violations of law or regulation may be expected on a regular basis, but they are not material to Kabbage's earnings and capital.
Needs Improvement	The Kabbage's risk management systems do not identify and appropriately control significant risks posed by the product or process; substantial gaps exist. The risk management framework as applied to the product or process may be lacking minimum required elements such as policies and procedures, testing and monitoring, or reporting and risk management systems. Board and executive management participation may be insufficient. There may be gaps or deficiencies in the framework and these may point to an overall deficiency in the framework itself. Risk management does not minimally control the risk of the product or process and residual risk is outside risk appetite. Losses, exceptions, and violations of law or regulation have occurred or are imminent and either have or predictably will result in material harm to Kabbage's earnings and capital.

Residual Risk Rating Mapping

Residual Risk Matrix		Control Effectiveness		
		Strong	Satisfactory	Needs Improvement
Inherent Risk	High	Moderate	High	High
	Moderate	Low	Moderate	Moderate
	Low	Low	Low	Low

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 1	*Regulatory*	*Kabbage does not identify regulatory updates*	High	Kabbage has personnel dedicated to monitoring SBA PPP updates and communicating questions and concerns as they arise. The following Kabbage personnel are listed as authorizing officials with the SBA for Kabbage: 1) Spencer Robinson (Head of Strategy) - official contact for E-trans 2) Azba Habib (BSA/AML Officer) - official contact for regulatory compliance In addition, Sam Taussig (Head of Policy) has direct access to the SBA's department head.	Strong	Moderate	1) Kabbage should consider updating its PPP program manual to include the roles and responsibilities of Kabbage personnel. The roles and responsibilities should include who is responsible for SBA communication and tracking regulatory updates. 2) Given the departure of Kabbage's BSA/AML Officer, Azba Habib, as of June 6, 2020, Kabbage should consider updating any contact information with the SBA to that of the interim or new BSA/AML Officer.
PPP 2	*Regulatory*	*Management does not provide relevant information pertaining to PPP regulatory changes to the review team*	High	Kabbage communicates regulatory updates relevant to the appropriate teams through the following methods: 1) An email listserv for department heads 2) Slack channels utilized by each PPP process team 3) Daily morning meetings with department heads which dive into granular issues 4) Daily afternoon meetings with a larger audience which discusses key themes and concerns which may need to be discussed with the SBA. The larger audience at times may include the following personnel: CEO, CCO, BSA/AML Officer, Department Heads, and other personnel as warranted.	Satisfactory	High	1) Kabbage should consider, when able, documenting in the PPP program manual regulatory and other key changes to the PPP requirements, processes, and procedures which are identified in meetings, emails, and slack channels.

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 3	*Staffing*	*Kabbage does not maintain the appropriate staffing levels to support the high volume and time constraints related to PPP*	**High**	Per conversation with Kabbage management, the Company appears to be staffed to handle the volume of applications and risk tickets that are being generated. The risk group has ~6 risk analysts and are able to close risk tickets between 1-10 days (including applicant response time). Per Spencer Robinson, if volumes for applications or risk tickets spike, they will engage consulting resources they leveraged in the past to address staffing needs. Additionally, Kabbage advised they are able to team resources with financial institution partners such as Cross River and Customers Banks.	**Satisfactory**	**High**	1) Kabbage should consider updating their PPP organizational chart to include application reviewers and risk analysts and their direct reporting lines.
PPP 4	*Customer Identification Program (CIP)*	*Kabbage does not have an adequate BSA/AML program that includes a CIP in place to identify PPP applicants, resulting in potential fraudulent loans.*	**Moderate**	Kabbage has a BSA/AML program in place that includes a Customer Identification Program (CIP). More specifically, Kabbage has a KYC framework that provides for risk-based customer identification, verification, and due diligence.	**Satisfactory**	**Moderate**	1) As of April 2020, Kabbage is still refining its customer risk segmentation process for PPP loans and expects this process will likely be different from the standard CRR. Once implemented, Kabbage may want to perform a risk-based review of applicant loans.
PPP 5	*KYC/CDD*	*Kabbage does not have a process to adequately perform customer due diligence on applicants and beneficial owners.*	**High**	Kabbage has BSA/AML and Fraud procedures for PPP loan applications. Included in the procedures are processes for Kabbage to run OFAC and KYB/KYC Checks. **OFAC** Leverages a tool called GIACT, which provides results based on a composite of sanctions lists. **KYC/KYB** Leverages LexisNexis & CLEAR to perform KYC/KYB verification for the business applicant, the authorized representative, and any owner with 20% or greater interest.	**Strong**	**Moderate**	N/A

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 6	*Application Review*	*Kabbage does not have an adequate PPP customer application that captures all required borrower information in SBA Form 2483 and payroll documentation*	Low	Kabbage has a dedicated PPP loan application landing page. The landing page prompts questions to the applicant that answer the SBA loan application requirements (i.e., payroll requirements, relevant documents, corporate groups, and certifications). Included in the landing page is a document upload prompt, whereby the applicant must upload the necessary documentation needed to fulfill the application review.	Strong	Low	N/A
PPP 7	*Application Review*	*Kabbage submits applicants for PPP loan approval to the SBA who do not meet the eligible borrower requirements*	Low	Kabbage has a process in place to decline applicants based on the following knock-out rules: 1) Authorized business representative and/or any of the owners with 20% or greater interest in the Applicant is a non-U.S. citizen 2) Applicants falls into an ineligible industry 3) Applicant has >500 employees 4) Applicant started operation after February 15, 2020 5) Applicant is self-employed (sole-proprietorship or Single LLCs) who started in 2020 6) Applicant has an Associate or an owner who is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude 7) Applicant is currently involved in bankruptcy proceedings	Satisfactory	Low	1) Update procedures to reflect minimum timeframes and dates. (e.g., 5 years timeframe for felony) 2) Update procedures/manual to include language from: https://www.federalregister.gov/d/2020-08257/p-56 & https://www.federalregister.gov/d/2020-09098/p-26
PPP 8	*Application Review*	*Kabbage submits multiple PPP loan applications to the SBA for single entities*	Low	As part of Kabbage's online application it requires the borrower to confirm they are not receiving an additional PPP loan. The language states the following: "During the period beginning on February 15, 2020 and ending on December 31, 2020, the applicant has not and will not receive another loan under the Paycheck Protection Program". In addition, per conversation with Amit Kesarwani, Kabbage runs a query that compares the information from the new borrower application to existing customer information. The query will flag any applications with duplicate information.	Strong	Low	N/A

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 9	*Application Review*	*Applicants submit inaccurate, insufficient, or fictitious documentation*	Moderate	Kabbage has two types of application reviews (manual and automated). As part of the manual review process, Kabbage has procedures in place that detail step by step instructions on how to review PPP loan applications. Included in the "PPP Document Review Guide in Kore" procedures are sections that address: 1) Getting started with Kore 2) How to find documents and fill in the fields (i.e., W-3, W-2s, 940 tax form, verified government ID, etc.) 3) How to request a document in Kore 4) Where to see information about a customer's application? 5) Common errors and what they mean? 6) FAQ's In addition to the "PPP Document Review Guide in Kore", Kabbage has targeted procedures for specific customer types (i.e., General Partnerships, Seasonal Businesses, PEO's) Per conversations with Kabbage Management, ~75% of all PPP application reviews are fully automated and run through straight through processing leveraging OCR technology.	Strong	Low	N/A

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 10	*Payroll*	*Kabbage calculates PPP applicant payroll inaccurately*	High	Kabbage has an Overview of Protection Program Calculations and Verification Procedure document which outlines: 1) The overarching process Kabbage follows to determine and verify loan amounts 2) Details regarding the data and calculations used 3) The quality assurance/quality control (QA/QC) procedures that are in place As part of the QA/QC Kabbage performs both a manual and automated review. **Manual Review** QA/QC Procedures: When a Google Sheet has been completed, a Kabbage employee (auditor) reperforms the review procedures outlined above for 10% of the loan applications. If an error is discovered, the auditor corrects the Google Sheet and reperforms an additional judgmental sample size. Once the audit has been completed, the Google Sheet is marked as complete. If an auditor identifies a repetitive issue, they meet with the employee and explain exactly what is being missed. Additional work is further validated to ensure the training is successful. **Automated Review** Certain PPP loan applications can be processed in an automated flow using optical character recognition (OCR). Today the OCR capability is applicable to tax documents (940, 1099, W-3, etc.), which have very standardized, machine-readable formats. To perform verification, Kabbage performs several checks, which involve a document validation and an extracted values process. In addition, Kabbage maintains targeted procedures for documentation issues and specific customer types (i.e., PEO's, Seasonal Businesses, General Partnerships).	Strong	Moderate	1) Update language regarding the compensation of an individual employee in excess of $100,000 per year. 2) Update Seasonal SMB section to reflect 2019 and 2020 and not 3019 and 3030, respectively.

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 11	*Regulatory*	*Kabbage knew or should have known it was transmitting fraudulent information to the SBA*	High	Kabbage performs fraud checks on applications through a process which utilizes the following tools: 1) Emailage 2) Sentilink 3) Threatmetrix The above tools produce a score for each application. If the score is high, an "SBA Failed Manual Verification" flag is created on the account and remains until processed by the Fraud Review Team. Funds for the application are not able to be disbursed until the flag is cleared by the Fraud Team.	Needs Improvement	High	1) Update "Overview of Paycheck Protection Program BSA/AML Procedures" to require Fraud Review Team to clear an application's suspected fraud flag(s) prior to submission to the SBA for loan approval. Current procedure appears to allow for application to proceed to the SBA prior to flag review.
PPP 12	*Loan Disbursements*	*Kabbage does not disburse loan funds within ten calendar days of loan approval*	Low	Prior to loan disbursement the customer is provided a DocuSign envelope for signature and asked 6 KBA questions. The customer must answer 4 of 6 KBA questions correct to move forward. If the answers are correct, the customer signs and loan funds are disbursed within 10 calendar days from when the loan was approved by the SBA (i.e., from when the guarantee number was issued by the SBA). In addition, Kabbage has a KBA Failure procedure for instances where the borrower fails the KBA test. The applicant must call in to initiate the escalated review, and the frontline team will create a salesforce ticket attached to the application. The account review team will then review the ticket and relevant documentation to either clear the ticket or flag the applicant preventing them from loan disbursement and a SAR may be filed.	Satisfactory	Low	1) To ensure compliance with the disbursement of loan funds within ten calendar days of SBA loan approval, Kabbage should consider updating their KBA failure procedures to detail the timeframe a KBA failure must be remediated. 2) Update BSA/AML and Fraud procedures to require Fraud Review Team to clear a flag prior to SBA approval of funds. This will prevent previously unreviewed or unresolved flags from delaying Kabbage's ability to disburse loans.
PPP 13	*Loan Disbursements*	*Kabbage does not submit SBA Form 1502 indicating that PPP loan funds have been disbursed in a timely manner*	Moderate	Per conversation with the Kabbage team, the first SBA Form 1502 submission through E-trans was executed on 5/25/2020. The Kabbage team plans to upload a bulk SBA form 1502 on a weekly basis.	Satisfactory	Moderate	1) Kabbage should create procedures detailing the PPP loan disbursement reporting requirement, which include at a minimum: - Roles and responsibilities - SBA Form 1502 requirements

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 14	*Suspicious Activity & Monitoring*	*Kabbage does not have a process in place to identify and report unusual activity.*	**Moderate**	Kabbage identifies suspicious activity at the time of onboarding and monitors for the same throughout the lifecycle of the borrower. In the event suspicious activity is identified, Kabbage will refer (in the event a bank partner is the PPP lender) or report (in the event Kabbage is the PPP lender) such activity to its bank partner or the Financial Crimes Enforcement Network ("FinCEN"), respectively. In addition, Kabbage leverages the following tools to identify instances of fraud: 1) Sentilink (Daily Batch) - identifies instances of fabricated or manipulated identifies. 2) Emailage (Daily Batch) - identifies emails associated with fraud 3) Threatmetrix (Sign-in Disbursement) - Identifies if applicant device has been associated with multiple application or previously identified fraudulent customers 4) TLO (Manual) - manual review tool that provides business, personal, and social media records to validate 5) Inscribe (Manual) - identifies fraudulent documents 6) DocuSign KBA (Real-time) - Asks questions to authenticate identity of signer	**Needs Improvement**	**Moderate**	1) Kabbage should consider creating SAR procedures that include escalation of suspicious activity and how to complete a SAR. Kabbage may want to consider creating a SAR narrative template that incorporates FinCEN's SAR Narrative Guidance ("who, what, where, when, why")
PPP 15	*Suspicious Activity & Monitoring*	*Suspicious activity is not tracked and monitored.*	**Moderate**	Kabbage leverages an excel workbook named "Fraud_suspect_list" to track suspicious activity and instances of fraud. The workbook includes the userid and business name of the accounts with suspicious activity.	**Needs Improvement**	**Moderate**	1) Kabbage should consider creating a formalized suspicious activity tracking document that details at a minimum: • Identification dates • Reason for flagging • Notes related to the investigation of the potentially suspicious activity • If a SAR has been filed • SAR/No SAR decisioning

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 16	*Data Retention*	*Data provided by the borrower related to loan application, approval, disbursement, or forgiveness is not retained by Kabbage for a minimum of 6 years.*	High	Kabbage's enterprise-wide data retention policy is contained in "4 - Kabbage Information Security Policy v1 (approved 2019-12-31)" and outlines the following: 1) Data Classification by level of sensitivity includes (from least to most restrictive): Public Data, Confidential Data, and Restricted Data; 2) All data determined "critical to Company operations and/or team member job functions" must be backed up; 3) Network and data security processes; 4) Requirement of Restricted Data to be transferred via encrypted methods only; Additionally, Kabbage's "Enterprise BSA_AML and OFAC Policy (AH Draft 4.27.20)(v2)" outlines the record retention and record keeping policies relating to their BSA/AML requirements, which include: 1) Retention of information related to BSA/AML requirements for a period of at least five years from the date of last activity on any one Account; 2) A list of the related BSA/AML data types to be retained.	Satisfactory	High	1) Update Data Retention section (7.4) of Kabbage's Information Security Policy document to require Kabbage retain PPP data for a minimum of six years (as well as the BSA/AML data for a minimum of five years from the date of last activity on the account). 2) Ensure PPP data is retained onsite at Kabbage's principle place of business in Atlanta and able to be compiled and supplied to the SBA upon request within one business day. 3) A&M recommends clearly classifying the following PPP related data as either Restricted or Confidential Data in accordance with Kabbage policies: documentation received from borrowers, communications with borrowers, internal assumptions or decisions made by Kabbage relating to a loan calculation or forgiveness, and any other relevant data related to loan application, calculation, approval, disbursement, forgiveness, and/or repayment.

Risk & Control Matrix

Control Ref	Control Title	Risk	Inherent Risk Rating	Control(s)	QRM Rating	Residual Risk Rating	Recommendation
PPP 17	*Internal Fraud*	*Kabbage personnel do not execute their responsibilities fully or with integrity*	**Moderate**	Kabbage maintains Quality Assurance / Quality Control processes to combat the ability and effectiveness of internal fraud, including: 1) Application Review- Random selection by management of 3 tickets from each review team member's queue (weekly basis); 2) PPP payroll Calculation Review - Review of 10% of the manual loan applications in each Google Sheet, and an automated processing QA/QX which validates document types and extracted values.	**Satisfactory**	**Moderate**	N/A

03 Independent Testing

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Testing Methodology

Following completion of the Risk and Control Matrix, A&M utilized Kabbage's policy and procedure documentation to walk through a random sample of ten (10) applications previously approved by Kabbage and the SBA for a PPP loan. The purpose of the testing was to track and provide Kabbage with observations and recommendations which might assist in identifying areas of opportunity in the PPP loan program.

To begin testing, A&M utilized a random number generator to select ten (10) approved borrowers from a list of the 76,726 applicants Kabbage had approved by the beginning of this assessment. Once selected, A&M requested the following categories of documentation from Kabbage for each of the 10 borrowers (now samples):

1. KYC/KYB/OFAC Check documentation
2. Payroll/Loan Amount Verification documentation
3. Fraud Review documentation
4. Background Check documentation
5. KBA Check documentation
6. E-Tran approval date and number
7. Other relevant documentation that may relate to the loan application and approval process

Finally, the testing utilized A&M's knowledge of Kabbage's processes gained through generation of the Risk & Control Matrix as well as Kabbage's PPP policies and procedures to analyze borrower documentation provided to the lender as part of the loan approval process. A&M's analysis concluded with the generation of observations and recommendations intended to assist Kabbage in identifying areas of focus or opportunity for the PPP loan program. The results and observations from sample testing are contained in the following slides.

Independent Testing

KYC/KYB Testing Dashboard

Sample #	Test 1	Test 2
1	✓	✓
2	✓	✓
3	✓	✓
4	✓	✓
5	✓	✓
6	✓	✓
7	O1/R1	✓
8	✓	✓
9	✓	✓
10	✓	✓

Tick mark Legend	
✓	Test passed.
O	A&M observation noted.
R	A&M recommendation.

Test Steps:

1) Verify the customer has passed the BVI test in LexisNexis (>=40).
2) Verify the customer was screened and not a match in GIACT.

Observations/Recommendations:

O1/R1) Customer failed BVI check. A&M noted BSA/AML procedures and/or the KYB/KYC Desktop Procedures should more clearly account for process for EDD when BVI score in CLEAR is below 40.

Independent Testing

Payroll/Loan Amount Verification Testing Dashboard

Sample #	Test 1
1	✓
2	O1
3	✓
4	✓
5	O2
6	O2
7	O3
8	✓
9	O4
10	✓

*A&M did not perform a recalculation of Kabbage's payroll calculation.

Tick mark Legend	
✓	Test passed.
O	A&M observation noted.

Test Steps:

1) Verify the customer has provided all required payroll documentation.

Observations:

O1) Missing the following documents: 2019 IRS Form 940; Payroll statement covering 2/15/2020.

O2) Missing 2019 IRS Form 940.

O3) A&M noted that the borrower did not provide IRS Form 940. However, the borrower provided a paystub evidencing the year to date federal and state withholding taxes.

O4) W-3 form was not provided. However, the borrower uploaded documentation evidencing total number of employees and detailed payroll schedules.

Independent Testing

Fraud Testing Dashboard

Sample #	Test 1	Test 2	Test 3
1	✓	✓	✓
2	✓	✓	✓
3	✓	✓	✓
4	✓	✓	✓
5	✓	✓	✓
6	✓	✓	✓
7	✓	✓	✓
8	✓	✓	✓
9	✓	✓	✓
10	✓	✓	✓

Tick mark Legend	
✓	Test passed.
O	A&M observation noted.

Test Steps:

1) Verify the customer passed the Emailage fraud check.
2) Verify the customer passed the Sentilink fraud check.
3) Verify the customer passed the Threatmetrix fraud check.

Observations:

A&M made no new observations for this section of the independent testing.

Independent Testing

KBA/E-Tran/DocuSign Testing Dashboard

Sample #	Test 1	Test 2	Test 3	Test 4
1	O1/R1	✓	✓	✓
2	O1/R1	✓	✓	✓
3	O1/R1	✓	✓	✓
4	O1/R1	✓	✓	✓
5	O1/R1	✓	✓	✓
6	O1/R1	✓	✓	✓
7	O1/R1	✓	✓	✓
8	O1/R1	✓	✓	✓
9	O2	✓	✓	✓
10	O2	✓	✓	✓

Tick mark Legend	
✓	Test passed.
O	A&M observation noted.
R	A&M recommendation.

Test Steps:

1) Verify Kabbage ran the customer against LexisNexis RiskScreen Background Check.
2) Verify the application was successfully submitted through E-Tran.
3) Verify the applicant passed the KBA requirements.
4) Verify the customer signed the DocuSign envelope.

Observations:

O1/R1) Sample(s) appear to have triggered a manual background review based on the "Note" in the Background Check CSV file provided to A&M. A&M noted Kabbage does not have a clear procedure for performing manual background checks when the applicant fails the automated process.

O2) Sample(s) provided to A&M do not appear to contain results of any performed background checks.

04 Appendices

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Appendix A: Documents Reviewed for Matrix

In generating the Risk & Control Matrix, A&M evaluated PPP lender risks against Kabbage's existing controls by reviewing the following Kabbage documentation:

1 - Document Request List (5.19.20).docx	2 - PPP Data Acquisition and Storage.docx	17 - PPP - Doc Uploader Scripts .docx
1(a) - Kabbage - Enterprise BSA_AML and OFAC Policy (AH Draft 4.27.20)(v2).docx	4 - KABBAGE INFORMATION SECURITY POLICY v1 (approved 2019-12-31) copy.docx	18 - PPP - App Review Audit Process (as of 5.22.20).docx
1(b) - Kabbage - BSA_AML and Fraud Procedures for PPP (AH Draft 4.30.20) copy.docx	6 - Listing of all applicants (1).csv	19 - General Partnerships Loan Calculation.docx
1(c) - Desktop Procedures - OFAC Screening (4_2020) copy.docx	7 - Listing of all approved applicants (1).csv	20 - Seasonal Training – Tis the season for seasonal.docx
1(d) - Desktop Procedures - KYB_KYC (4_2020) copy.docx	8 - Fraud_suspect_list.xlsx	21 - 4.25 Miscategorized PPP Apps.xlsx
1(e) - Desktop Procdures - Sentilink, Emailiage and Threatmetrix (4_2020) copy.docx	13 - Kabbage - 2017 BSA AML and OFAC Risk Assessment (FINAL)(March 2018).docx	22 - SUSPICIOUS PPP APPS (REVIEWERS).xlsx
1(g) - Desktop Procedures - KBA Failure copy.docx	13 - Kabbage - 2018 BSA AML and OFAC Risk Assessment (FINAL 7.19.19).docx	23 - 2018 Enterprise BSA_AML & OFAC RA Remediation Plan (as of 5.29.30).xlsx
1(h) - PPP Calculations and Verification.docx	14 - Kabbage - 2019 BSA-AML-OFAC Audit Report_FINAL_2019-11-04.pdf	PPP - Compliance Review Assignment.xlsx
1(i) - Payroll Verification Document Mapping.docx	15 - PPP - Document Review Guide + Kore - UX Update.docx	
1(j)(k).pptx	16 - PPP - Teach me how to PEO.docx	

Appendix B: Interviewed Personnel

In performing the independent risk assessment, A&M evaluated PPP lender risks against Kabbage's existing controls by interviewing the following Kabbage personnel:

Kabbage Personnel	PPP Related Role
Kristel Adler	PPP Business Owner
Nan Siler	PPP Application Manual Review Process Lead
Azba Habib	BSA/AML Compliance Lead for PPP
Spencer Robinson	PPP Overall Risk & Strategy
Nipun Goel	PPP Strategy Lead for Acceptable Documentation, Eligible Businesses, and Loan Calculations
Sam Taussig	PPP Government Relations & Policy

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