

Large Companies Based In Texas Secured Over \$42 Million Of The Federal Aid Intended To Help Local, Small Businesses

SUMMARY: On April 3, 2020, the Small Business Administration (SBA) [announced the Paycheck Protection Program](#) (PPP), claiming it would “bring immediate economic relief and eight weeks of financial certainty to millions of small businesses and their employees.” ([Small businesses being defined as companies with fewer than 500 employees.](#))

In Texas though, many of the companies getting PPP funds were not struggling small businesses – but large, publicly-traded companies that have taken millions each in funding. This included a [company currently under SEC investigation](#) (that was financially stable enough to pay company executives \$12.9 million); a [real estate investment trust that made \\$24 million last year](#); a political mobile app and data firm [employed by the Trump campaign](#); a [precious metal and natural resource investment firm](#); and a petrochemical products company which had [significant Saudi Arabian operations](#). Despite [Treasury guidance that public companies would have difficulty justifying loans over \\$2 million](#), none of these entities have indicated plans to return their millions.

As these large, publicly-traded companies got access to funds, business owners and restaurants across Texas have faced hardship, and in some cases, permanent closure. A study of Houston small businessowners underlines that point: over 90-percent of Houston small businesses [were shown to have lost significant revenue](#), and [40-percent of Houston small businesses said operations were only expected to survive for four weeks or less](#).

COVID-19 has also resulted in the closure of several Texas restaurant landmarks. “[Dallas mainstay](#)” [Highland Park Cafeteria](#) had no choice but to close their doors following business slowdowns from COVID 19; “[iconic](#)” [Threadgill’s in Austin](#), a restaurant and concert venue, was forced to close after 40 years of operations, with the owner calling the pandemic a “kick in the gut;” the [beloved Magnolia Café in Austin](#) chose to close down following the “huge hit” and “incredible uncertainty” created by COVID 19. In San Antonio, both the [42-year old Spaghetti Warehouse](#) and [brand-new Tea Crate](#) were forced to close in the wake of COVID 19.

With Texas businesses struggling and closing, can \$42 million going to large, public companies be considered a success? Texans have been critical: a [Dallas small business owner, facing a 75-percent loss of income](#), criticized the program when she was cut out of the first round of funding despite an early application. A [frozen yogurt stand owner was more direct about large companies taking the funds](#), simply summing up: “things tend to work by being in the right place at the right time or who you know and how you’re connected.”

Large Texas Corporations – Including Very Profitable Entities, Companies With Over 500 Employees, And A Company Under SEC Investigation – Received Over \$42 Million In Aid Meant For Small Businesses

COMPANY & HQ	PPP Loan Info	EMPLOYEES	NATURE OF BUSINESS	EXEC. COMPENSATION	NOTES
SAExploration Holdings, Inc. HQ: Houston, TX.	\$6.8 million on 5/8/20	981 Above “small business” classification	Holding company; providing seismic data services to major oil and gas companies.	\$12,916,676	Currently under SEC investigation over previous executive.

		of 500 employees.			
Whitestone REIT HQ: Houston, TX.	\$1.7 million on 4/30/20.	108	Real estate investment trust, invested in retail centers and plazas. \$24 million in net income for 2019.	\$6,217,913	CEO alone took home \$2.6 million in compensation last year; automobiles provided for executives.
Phunware Inc. HQ: Austin, TX.	\$2.8 million on 4/9/20.	93	Mobile app, location tracking, and advertising software company.	\$1,483,878	Did data work for the Trump campaign.
Asure Software HQ: Austin, TX.	\$8.8 million on 4/15/20.	423	Payroll and HR services for small businesses.	\$3,585,551	Over \$30 million in net income for 2019.
RigNet, Inc. HQ: Houston, TX.	\$6.7 million on 5/1/20.	625 Above “small business” classification of 500 employees.	Communication services.	\$4,246,225	
Trecora Resources HQ: Sugar Land, TX.	\$6.1 million on 5/6/20.	270	Manufacture specialty petrochemical products and waxes.	\$5,184,101	Significant operations in Saudi Arabia; some SEC filings done in Saudi currency (riyal).
Harte Hanks, Inc. HQ: Austin, TX.	\$10 million (maximum amount) on 4/14/20.	2,430 Above “small business” classification of 500 employees.	Marketing services firm, specializing in multi-channel marketing.	\$1,934,150	
US Global Investors, Inc. HQ: San Antonio, TX.	\$442,000 on 4/12/20.	24	“U.S. Global Investors, Inc. (Nasdaq: GROW) is a boutique investment management firm specializing in actively managed equity and bond strategies, and has a longstanding history of expertise in gold and precious	\$669,000	

			metals, natural resources and emerging markets.”		
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In The Aftermath Of The COVID 19 Pandemic, Texan Small Business Owners Faced Losses Of Revenue, And City Institutions Faced Closure

After An Initial Temporary Closure Due To COVID 19, A “Dallas Mainstay,” Highland Park Cafeteria, Announced It Would Not Be Re-Opening Its Doors. “A Dallas mainstay for almost 100 years is not going to reopen. The Highland Park Cafeteria in Northeast Dallas temporarily closed on March 16 due to the mandatory shutdown because of the COVID-19 pandemic. The restaurant owners shared the news of the decision to close permanently on Facebook Monday evening: We are saddened to let our loyal customers and community know that the Highland Park Cafeteria will not be re-opening.” [CBS DFW, [5/11/20](#)]

After 40 Years, “Iconic” Austin Restaurant Threadgill’s Closed For Good In The Wake Of COVID 19. “The flame of old Austin flickered dimmer Monday. Restaurateur, raconteur and cultural torchbearer Eddie Wilson has decided to close the original Threadgill’s after almost 40 years, the restaurant announced. [...] ‘This whole pandemic has been like a kick in the gut that bent me over,’ Wilson told the Statesman by phone Monday. ‘I’ve been in a lot of roll-around and tumbling brawls, but I’ve never been this old. It just seems like it’s time for everybody to find a way to take care of themselves.’” [Austin Statesman, [4/20/20](#)]

Austin’s Magnolia Café Closed Down Permanently In The Face Of “Such A Huge Hit” From COVID 19 And The “Incredible Uncertainty Of The Future.” “Two longtime Austin restaurants won’t be reopening their doors after COVID-19. Magnolia Cafe on Lake Austin Boulevard and North By Northwest restaurant and brewery on Capital of Texas highway are closed for good. ‘That place was just joy,’ says Austin native Liz Farmer. For her, Magnolia Café’s west Austin location brings back memories of growing up, gaining independence and building lasting friendships. [...] In a Facebook post Magnolia announced their Lake Austin closure after 41 years saying, ‘In the face of such a huge hit with the reality of COVID-19 and the incredible uncertainty of the future, we’ve had to confront the fact that this location will not survive.’” [CBS Austin, [4/17/20](#)]

San Antonio’s Spaghetti Warehouse, A Notable Chain Location That Had Been Open Since 1978, Closed Its Operations Permanently. “A national restaurant chain has closed its San Antonio location, marking the end of its presence in Texas since the 1970s. Spaghetti Warehouse closed its restaurant east of downtown at 1226 E. Houston St. and has posted its equipment and fixtures to an online auction. [...] ‘Based on the current Covid-19 crisis, Spaghetti Warehouse San Antonio has closed,’ the company told the Business Journal in a statement.” [San Antonio Business Journals, [4/22/20](#)]

San Antonio’s Tea Crate, A New Operation, Was Forced To Closed – With The Owner Saying The Business Would Have Been A Success Had COVID Not Entered Our Lives. “The list also includes brand-new operations like the Tea Crate on the Far North Side. Owner Ann Hatch said goodbye on Facebook: ‘It would have been a success if this COVID stuff didn’t come into all our lives. But it did and with the rent as high as it is, I have no choice.’” [San Antonio Express News, [5/14/20](#)]

Small Business Owners In Texas Criticized PPP’s Implementation And Large Companies Receiving Funding

Local Business Commentary:

- **A Dallas Small Business Owner Missed The First Round Of Funding For Coronavirus When Funding Ran Out, Following A Loss Of 75-Percent Of Her Income.** “Jennifer McMahon spent a decade growing her small business in North Texas, and now its future could rest entirely on her ability to secure a loan under the government’s overwhelmed Paycheck Protection Program. McMahon, owner and CEO of

Diet Solution Centers and its three Dallas-Fort Worth locations, said her company lost roughly 75% of its income when shelter-in-place-orders designed to slow the spread of coronavirus took effect. [...] On Thursday, she learned that the lending program to keep small businesses afloat through the pandemic had hit its \$349 billion cap. A short time later, Regions Bank notified her that she had missed out.” [Dallas Morning News, [4/16/20](#)]

- **A Frozen Yogurt Store And Business Owner, Awaiting His Own PPP Aid, Responded To Small Business Aid Going To Large Corporations: “I Can’t Say I Am Angry Because, Truthfully, I Almost Expected It.”** “Thanks to the way Congress structured a massive economic aid bill for the new coronavirus pandemic, a chain restaurant like Taco Cabana qualifies as a small business and competes with the family-owned dry cleaner for the same loans earmarked for small companies. [...] ‘I can’t say I am angry because, truthfully, I almost expected it,’ said Haywood Prejean, a Cedar Hill business owner who has three companies. He submitted several applications for federal aid created by the Coronavirus Aid, Relief and Economic Security Act to support his frozen yogurt store, his corporate vending business and the workspace he leases to hairstylists.” [Texas Tribune, [4/23/20](#)]
 - **Frozen Yogurt Store Owner: “I’m 63 Years Old, And I’ve Seen A Lot [Of] Politics And Things Tend To Work By Being In The Right Place At The Right Time Or Who You Know And How You’re Connected.”** “‘I can’t say I am angry because, truthfully, I almost expected it,’ said Haywood Prejean, a Cedar Hill business owner who has three companies. [...] ‘I’m 63 years old, and I’ve seen a lot and politics and things tend to work by being in the right place at the right time or who you know and how you’re connected,’ he added.” [Texas Tribune, [4/23/20](#)]

Local Headlines:

- **Texas Tribune HEADLINE: “As Congress Rushed Coronavirus Aid To Texas Business Owners, Some Small Companies Fell Through The Cracks”** [Texas Tribune, [4/23/20](#)]
- **Dallas Morning News HEADLINE: “Small-Business Rescue Program Runs Dry, Leaving Some North Texas Businesses In Dire Straits”** [Dallas Morning News, [4/16/20](#)]

A Houston Study Showed Small Texas Businesses Had Lost Large Amounts Of Revenue And Were Forced To Lay Off Workers

Over 90-Percent Of Great Houston’s Small Businesses Lost Revenue Amid The COVID-19 Pandemic.

“Houston’s small and medium-sized businesses are feeling the impact from the coronavirus outbreak. A survey by the Greater Houston Partnership shows 91% of GHP member businesses with 500 or fewer employees have lost revenue.” [Houston Public Media, [3/31/20](#)]

One-Third Of Houston Small Businesses Were Forced To Lay Off Workers, And Four In Ten Said Their Operations Could Only Survive For Four Weeks Or Less. “Houston’s small and medium-sized businesses are feeling the impact from the coronavirus outbreak. A survey by the Greater Houston Partnership shows 91% of GHP member businesses with 500 or fewer employees have lost revenue. More than one-third have laid off workers and about half said they are not paying employees during the shutdown. Four in 10 businesses said they can survive the slowdown for only four weeks or less.” [Houston Public Media, [3/31/20](#)]