

Paycheck Protection In Buffalo: The Wealthy And Well Connected Got Help While Black Communities Were Left Behind

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.” The Buffalo region has subsequently received 7,812 loans. But, [tracking with a national trend](#), relief in the Buffalo region has not been equally distributed. Several large corporations and even some well-known bad actors in the area made off with program funds, while majority black communities were shortchanged.

An analysis of zip codes in the Buffalo region showed racial disparities in where loans were awarded. The zip code with the largest African-American populations in Buffalo received the smallest number of loans. Meanwhile, almost one-fifth of the total loans given out to the area went to a zip code with a 92.8-percent white population (and only 2-percent African American). The four zip codes with the highest percentage of black residents received 497 loans (5.1 per 1,000 and 6.36-percent of the total), while the 4 zip codes with the highest percentage of white residents received 1,231 (11.9 loans per 1,000 and 15.76-percent of the total). These results [mirror nationwide racial disparities](#) in the disbursement of PPP funds.

Additionally, PPP funds in Buffalo still found their way to a number of controversial entities. Major Buffalo business New Era Cap Co. received up to \$10 million in PPP funding – but still wound up [laying off 117 workers, nearly a third of its Buffalo-area workforce, in July](#). Controversial local politician Carl Paladino – [who made offensive comments about Michelle Obama in December 2016](#), saying she should “return to being a male” and should be “let loose in the outback of Zimbabwe,” and was [expelled from the Buffalo school board for leaking confidential information](#) – received [two loans](#) through his real estate company. And disgraced former Congressman Chris Collins, [who resigned in the wake of securities fraud charges](#), was connected to two loans: Volland Electric was headed by a friend of Collins, who had [traveled to the White House with Collins](#) in the past and [had his home searched in connection with the insider trading probe](#); and to Audobon Machinery Corporation, where [Collins had been listed on their corporate board](#) as of his last personal financial disclosure.

Buffalo is emblematic of a PPP program that left too many communities behind, while enabling the wealthy and well-connected – no matter their record – to receive government money that could’ve been used to save the estimated [110,000 small businesses that have already closed](#) during this pandemic.

The Paycheck Protection Program Was Launched As A Lifeline For Small Businesses Amid COVID-19, With The Goal Of Preventing Layoffs

April 3, 2020: Small Business Administration (SBA) Launched The Paycheck Protection Program (PPP), A Fund Designed For Small Businesses Struggling To Meet Expenses During The COVID-19 Pandemic.

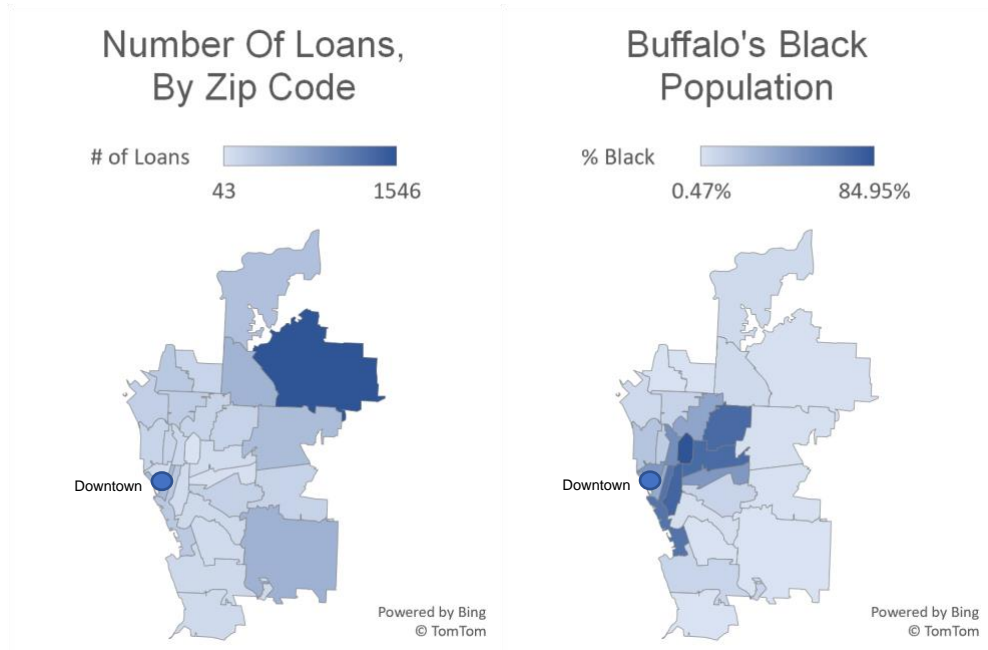
“The U.S. Small Business Administration Administrator Jovita Carranza today launched the Paycheck Protection Program, a \$349 billion emergency loan program created last week with the President’s signing of the Coronavirus Aid, Relief, and Economic Security Act (CARES). The program provides forgivable loans up to \$10 million to small businesses left financially distressed by the Coronavirus (COVID-19) pandemic. The loans, which will be administered at the local level by a national network of banks and credit unions, are designed to maintain the viability of millions of small businesses struggling to meet payroll and day-to-day operating expenses.” [Small Business Administration – Press Release, [4/3/20](#)]

- **PPP Offered Forgivable Loans To Employers Who Used The Program’s Loans To Maintain Payroll.** “The Paycheck Protection Program was designed to help small business weather the coronavirus pandemic while keeping their workers employed. But government data suggests that hundreds of

thousands of businesses across the country got access to funds without indicating how many jobs would be saved. [...] The loans distributed through the program were partially or fully forgivable depending on how much of the proceeds were used to keep employees on payroll.” [MarketWatch, [07/11/20](#)]

A Zip Code Analysis Of Buffalo Showed Areas With High Black Populations Received Fewer PPP Loans

Zip Codes With Higher Black Populations In Buffalo Received Fewer PPP Loans On Average.



Key Points:

- Buffalo zip codes received 7,804 PPP loans.
- The zip code with the highest black population in Buffalo, 14208 (just under 85-percent black), received the smallest number of PPP loans in total among populated zip codes (Just 43 loans out of a total of 7,812) and ranked last in terms of loan per population (roughly .0033 loans per person).
- The four zip codes with the highest percentages of black residents received 5.1 loans per 1,000 people (497, or 6.36-percent of the total); while the four zip codes with the highest percentage of white residents received 11.9 loans per 1,000 people (1,231, or 15.76-percent of the total).
- Almost one fifth (19.8-percent) of loans in Buffalo went to the zip code 14221, which was 92.8-percent white and only 2-percent black.

Data:

ZIP	Total Pop	#Loans	%Black	%White	Loans/Pop
14201	13,609	124	44.73%	44.73%	0.009111617312
14202	4,136	471	33.90%	61.03%	0.1138781431
14203	1,009	318	66.40%	26.66%	0.3151635282
14204	10,040	120	75.13%	18.33%	0.01195219124
14206	22,988	232	9.23%	88.40%	0.01009222203
14207	22,986	252	6.36%	84.29%	0.01096319499

14208	13,207	43	84.95%	11.71%	0.003255849171
14209	8,547	156	50.40%	45.08%	0.01825201825
14210	16,681	150	3.11%	92.50%	0.008992266651
14211	29,590	118	71.47%	24.48%	0.003987833728
14212	15,364	72	45.11%	50.49%	0.004686279615
14213	26,080	202	18.42%	55.39%	0.007745398773
14214	21,860	215	37.49%	55.76%	0.009835315645
14215	44,484	216	72.25%	22.75%	0.004855678446
14216	23,587	280	9.70%	84.85%	0.01187094586
14217	24,692	320	1.07%	96.83%	0.01295966305
14218	20,203	150	9.02%	84.85%	0.007424639905
14219	13,050	140	0.70%	96.91%	0.01072796935
14220	26,550	126	0.99%	95.04%	0.004745762712
14221	51,448	1,546	2.12%	92.81%	0.03004975898
14222	14,365	197	13.74%	79.05%	0.01371388792
14223	24,094	190	1.36%	96.06%	0.007885780692
14224	40,509	560	0.47%	98.14%	0.01382408847
14225	35,893	450	2.20%	95.92%	0.01253726353
14226	29,382	545	5.88%	87.98%	0.01854877136
14227	24,573	211	1.69%	96.23%	0.008586660155
14228	19,713	400	5.72%	84.80%	0.02029117841
TOTAL:	598,640	7,804			

NOTE: 14205 was excluded due to its low population.

[United States Census, accessed 7/23/20; U.S. Small Business Administration, Paycheck Protection Program Loans under \$150,000 by State – New York, Accessed 8/3/20 Accountable.US, COVIDBailoutTracker.com, Accessed 8/3/20]

PPP Loan Recipients In Buffalo Included A Company Which Subsequently Laid Off Workers, And Companies Connected To A Disgraced Former Congressman, And A Former Buffalo School Board Member Who Made Racist Comments And Revealed Confidential Information

New Era Cap Company Received Millions From The PPP To Protect Jobs – Then Laid Off A Third Of Its Workforce In Western New York

April 15, 2020: New Era Cap Co., Inc. Received A Forgivable PPP Loan In The Amount Of \$5,000,000 To \$10,000,000.

1171 a \$5-10 million	NEW ERA CAP CO., INC.	160 DELAV BUFFALO NY	14202	424320 Subchapte Unanswer Unanswer Unanswered	488	4/15/2020 S & T Bank NY - 26
1172 a \$5-10 million	HODGSON RUSS LLP	140 Pearl : BUFFALO NY	14202	541110 Partnersh Unanswer Unanswer Unanswered	364	4/10/2020 KeyBank NY - 26

[U.S. Small Business Administration, accessed 07/23/20]

July 2020, Buffalo News: New Era Cap Planned To Layoff 117 Buffalo-Area Employees (Out Of 350).

“New Era Cap is laying off one-third of its Western New York workforce and bringing the rest of its U.S. staff back from furlough. An executive from New Era confirmed to The News that the company is laying off 187 employees, 117 of whom worked at its Buffalo headquarters. New Era formerly had 350 employees in Buffalo and 600 across the United States, where it also has offices in New York City, Miami and Irvine, Calif. At the beginning of 2020, the company had 1,230 employees around the world.” [The Buffalo News, 7/7/20]

Two PPP Loans Were Linked To Entities Owned By Carl Paladino, Former Gubernatorial Candidate Who Was Ejected From A School Board Position And Had Made Racist Remarks

Carl Paladino Was Removed From The Buffalo School Board For Revealing Confidential Information About Contract Negotiations. “Carl Paladino, once a Republican candidate for governor of New York, was removed from the Buffalo school board on Thursday by the state education commissioner for revealing confidential information about collective bargaining negotiations with the city’s teachers union. [...] The board went on to ask the State Education Department to remove him — but not for his inflammatory remarks. The board said he should lose his post because in a separate article he wrote for Artvoice he revealed confidential information about contract negotiations that had been discussed and approved in the fall.” [New York Times, [8/17/17](#)]

In December 2016, Paladino Made Headlines With A Comment That Michelle Obama Should “Return To Being A Male” And “Let Loose In The Outback Of Zimbabwe.” “Carl Paladino, once a Republican candidate for governor of New York, was removed from the Buffalo school board on Thursday by the state education commissioner for revealing confidential information about collective bargaining negotiations with the city’s teachers union. In December, Mr. Paladino made national headlines for racist remarks about Barack and Michelle Obama that he sent a local publication called Artvoice. Asked in a survey what he’d like to see ‘go away in 2017,’ Mr. Paladino said, among other things, that he would like to see Mrs. Obama ‘return to being a male and let loose in the outback of Zimbabwe where she lives comfortably in a cave with Maxie, the gorilla.’” [New York Times, [8/17/17](#)]

Ellicott Development, The Firm Owned By Paladino, Was Connected 10 Ellicott Square Court Corporation And 6428 Group, Inc. “Ellicott Development, the real estate firm owned by Carl Paladino, received between \$2.15 million and \$5.35 million in PPP loans through two business entities. 10 Ellicott Square Court Corporation, which received a loan of between \$2 million and \$5 million operates the Ellicott Square Building, where Ellicott Development has its headquarters. 6428 Group, Inc., which received a loan of between \$150,000 and \$350,000, operates the MKT Kitchen restaurant.” [Eyes on the Ties, [7/15/20](#)]

April 28, 2020: 6428 Group, Inc. Received A Forgivable PPP Loan In The Amount Of \$150,000 To \$350,000.

1386	e \$150,000-350,000	HH JAMESTOWN LLC	10 Lafayette	BUFFALO NY	14203	721110 Limited L	Unanswer	Unanswer	Unanswer	51	4/12/2020	Evans Ban NY - 26	
1387	e \$150,000-350,000	6428 GROUP, INC	295 Main	1	BUFFALO NY	14203	722511 Subchapt	Unanswer	Unanswer	Unanswer	12	4/28/2020	Northwes NY - 26

[Accountable.US, COVIDBailoutTracker.com, Accessed [7/31/20](#)]

April 16, 2020: 30 Ellicott Square Court Corporation Received A Forgivable PPP Loan In The Amount Of \$2,000,000 To \$5,000,000.

1298	b \$2.5 million	10 ELLICOTT SQUARE COURT CORPORATION	30 E. 10th	BUFFALO NY	14203	531120 Corporati	Unanswer	Unanswer	Unanswer	499	4/16/2020	Northwes NY - 26	
1299	b \$2.5 million	PHILIPPS VITIFILIP	125 Main	1	BUFFALO NY	14203	521110 Limited L	Unanswer	Unanswer	Unanswer	271	4/10/2020	KouBank NY - 26

[Accountable.US, COVIDBailoutTracker.com, Accessed [7/31/20](#)]

Two Businesses Connected To Former Representative Chris Collins, Including One Probed In Relation To His Securities Fraud Charges, Received PPP Funding

September 2019: Chris Collins Resigned From Congress In The Wake Of A Guilty Plea On Securities Fraud. “Representative Chris Collins, a fourth-term Republican from Western New York who narrowly won re-election last year despite fighting federal securities fraud charges, resigned on Monday in advance of an expected guilty plea. Mr. Collins, 69, the first sitting member of Congress to endorse President Trump in 2016, had been accused of using private information about a drug company in which he was invested to help his son and others avoid financial losses.” [New York Times, [9/30/19](#)]

April 15, 2020: Volland Electric Equipment Corporation Received A Forgivable PPP Loan In The Amount Of \$150,000 To \$350,000.

2539 0 \$350,000-1 million	PEREGRINE 3 LANDING, L.L.C.	573 Cayug BUFFALO NY	14227	023110	Unanswered Unanswered Unanswered	81	4/15/2020	KeyBank NY - 26
2540 0 \$350,000-1 million	VOLLAND ELECTRIC EQUIPMENT CORP	75 INNSBF BUFFALO NY	14227	811310	Subchapter Unanswered Unanswered Unanswered		4/15/2020	Citizens B NY - 26
2641 0 \$150,000-350,000	THE REFRIGERATION INC	65 BAYVIEW CHEEKTOWAGA NY	14227	811410	Corporate Unanswered Unanswered Unanswered	33	6/1/2020	Bank of A NY - 26

[Accountable.US, COVIDBailoutTracker.com, Accessed [7/31/20](#)]

- 2019: The President Of Volland Electric, Christopher Graham, Had His House Searched In Connection With The Probe Into Then-Representative Chris Collins.** “Federal agents last summer searched the Lake View estate of a well-known Buffalo developer as part of the insider trading probe into Rep. Chris Collins. [...] A month before Collins was arrested, federal agents obtained a warrant to search the upscale Williamsville home of Christopher Graham, president of Volland Electric, a company in which Collins owns a stake.” [WKBW, [6/26/19](#)]
- 2019: Volland Electric’s President Christopher Graham Was Photographed On The White House Lawn With Representative Collins, President Trump, And Melania Trump.** “Gerry Buchheit is one of Collins' campaign donors and is planning to build a luxury skyscraper on Buffalo's Outer Harbor. [...] A month before Collins was arrested, federal agents obtained a warrant to search the upscale Williamsville home of Christopher Graham, president of Volland Electric, a company in which Collins owns a stake. Both men were photographed on the White House lawn with Collins, President Donald J. Trump and First Lady Melania Trump in 2017 -- on the same day the Congressman learned of the failed drug trial for Innate Immunotherapeutics.” [WKBW, [6/26/19](#)]

April 15, 2020: Audobon Machinery Corporation Received A Forgivable PPP Loan In The Amount Of \$150,000 To \$350,000.

840 0 \$150,000-350,000	VAL-KRO INDUSTRIAL PLATING, INC.	309 River NORTH TC NY	14120	332813	Subchapter Unanswered Male Own Unanswered	15	4/28/2020	KeyBank NY - 26
841 0 \$150,000-350,000	AUDUBON MACHINERY CORPORATION	814 Wurlitt NORTH TC NY	14120	333249	Subchapter Unanswered Unanswered Unanswered	30	4/15/2020	Evans Ban NY - 26
843 0 \$150,000-350,000	AUTOMOTIVE FINISHER OF WESTERN NEW YORK, INC	105 Main NORTH TC NY	14120	432120	Subchapter Unanswered Unanswered Unanswered	16	4/15/2020	KeyBank NY - 26

[Accountable.US, COVIDBailoutTracker.com, Accessed [7/31/20](#)]

- Collins Listed Himself As A Member Of Audobon Machinery Corporation’s Board In His 2018 Personal Financial Disclosure.** “According to Collins' latest personal financial disclosure report, he still served on the boards of two privately held firms: Audubon Machinery Corp., a North Tonawanda maker of oxygen systems for the health care industry as well as other products; and Volland Electric Equipment Corp., of Cheektowaga. Both companies could conceivably have some interest in the activities of the House Energy and Commerce Committee, the panel Collins served on until he was barred from House committees after his arrest.” [The Buffalo News, [7/25/19](#)]

Methodology

The purpose of this document was to explore disbursement of Paycheck Protection Program funds and broadly questionable loans across the city of Buffalo, NY.

Zip code demographic information was obtained from the 2010 census (most recent information available). Calculations to percentages and demographics were made in Excel.

Information on PPP loans obtained from the Treasury Department's data.