

# Public Companies Used PPP Money For At Least \$5.9 Million In Dividends And Share Buybacks While Over 100,000 Small Businesses Shuttered

**SUMMARY:** On April 3, 2020, the Small Business Administration (SBA) [announced the Paycheck Protection Program](#) (PPP), claiming it would “bring immediate economic relief and Here weeks of financial certainty to millions of small businesses and their employees.”

While the Trump administration paid lip service [towards encouraging public companies to return their PPP money](#), over 800 public companies ultimately got their hands on this government aid. Recent earnings reports reveal that at least five public companies used their PPP money on stock buybacks and paying dividends to their shareholders.

An Accountable.US analysis of the calls has revealed that:

**At least five public companies took over \$11.6 million in PPP loans while announcing over \$5.7 million in shareholder dividends and \$200,000 in stock buybacks.**

- RCI Hospitality Holdings, Inc. took \$4.2 million while giving shareholders \$273,000.
- Whitestone REIT took over \$1.7 million as it planned to pay shareholders almost \$4.5 million in dividends.
- CRH Medical Corporation bought back over \$200,000 worth of its own company stock.

Meanwhile, estimates suggest [over 110,000 small businesses](#) have already permanently closed.

**In Recent Earnings Calls, At Least 5 Publicly Traded Companies That Took PPP Loans Reported Over \$11.6M In Dividends And \$200,000 In Stock Buybacks Since Receiving Their Government Aid.**

## Summary Table:

Name	Money Received	ACTION
<a href="#">Whitestone REIT</a>	\$1,733,510	Planned to pay out nearly \$4.5M in Dividends
<a href="#">RCI Hospitality Holdings, Inc.</a>	\$4.2 Million	Paid out \$273,000 in dividends for the quarter
<a href="#">Lodging Fund REIT III</a>	\$763,100	Paid out \$400,000 in dividends
<a href="#">CRH Medical Corporation</a>	\$2,945,620	Repurchased 111,9000 of its shares for \$228,559

<a href="#">Crown Crafts, Inc.</a>	\$1,963,800	Resumed \$0.08 Per Share Dividend Due To Its "Strong Performance And Financial Position."
------------------------------------	-------------	---

**Whitestone REIT Received \$1,733,510 In Forgivable PPP Money—Although The SBA Typically Doesn't Lend To Passive Firms Like REITS—While Planning To Pay Out Nearly \$4.5 Million In Required Dividends, Putting Into Question If Such Companies Should Have Been Eligible For PPP Loans In The First Place.**

*Whitestone REIT Received \$1,733,510 In Forgivable PPP Money.*

**April 30, 2020: Whitestone REIT Received \$1,733,510 In Forgivable PPP Money.** "On April 30, 2020, we entered into a loan in the principal amount of \$1,733,510 from U.S. Bank National Association, one of the Company's existing lenders, pursuant to the Paycheck Protection Program (the 'PPP Loan') of the Coronavirus Aid, Relief, and Economic Security Act (the 'CARES Act'). [...] We intend to use all proceeds from the PPP Loan to retain employees and maintain payroll and make mortgage payments, lease payments and utility payments to support business continuity throughout the COVID-19 pandemic, which amounts are intended to be eligible for forgiveness, subject to the provisions of the CARES Act." [Whitestone REIT Form 10-Q, [08/07/20](#)]

*In Q2 2020, Whitestone REIT Planned To Pay Out Nearly \$4.5 Million In Dividends.*

**In Q2 2020, Whitestone REIT Planned to Pay Out A Cash Dividend Of "\$0.105 Per Common Share" – A Total Of \$4,446,081.99.** "On June 16, 2020, the Company declared a quarterly cash distribution of \$0.105 per common share and OP unit for the third quarter of 2020, to be paid in three equal installments of \$0.035 in July, August, and September of 2020. Going forward, Whitestone's Board of Trustees will continue to evaluate dividend declarations each quarter. Whitestone intends to maintain compliance with REIT taxable income distribution requirements." [Whitestone REIT Fiscal Second Quarter Earnings Results, [08/05/20](#)]

- **As of June 30, 2020, Whitestone REIT Had 42,343,638 Shares Issued And Outstanding.** "Common shares, \$0.001 par value per share; 400,000,000 shares authorized; 42,343,638 and 41,492,117 issued and outstanding as of June 30, 2020 and December 31, 2019, respectively" [Whitestone REIT Fiscal Second Quarter Earnings Results, [08/05/20](#)]
- **42,343,638 Multiplied by \$0.105 is 4,446,081.99** [Google Query, accessed [08/11/20](#)]

*REITs Are Required To Pay Out At Least 90% Of Its Taxable Income As Dividends, Which Puts Into Question If They Should Have Been Eligible For PPP Loans From The Beginning.*

**REITs Are Required To Pay "At Least 90 Percent Of Its Taxable Income To Shareholders Annually In The Form Of Dividends."** "To qualify as a REIT, a company must have the bulk of its assets and income connected to real estate investment and must distribute at least 90 percent of its taxable income to shareholders annually in the form of dividends." [Securities and Exchange Commission, [December 2011](#)]

**As REITs Are Allowed To Deduct Paid Dividends From Their Corporate Taxable Income, "Most REITs Pay Out At Least 100 Percent Of Their Taxable Income To Their Shareholders" In Order To Have No Corporate Tax Liability.** "A company that qualifies as a REIT is allowed to deduct from its corporate taxable income all of the dividends that it pays out to its shareholders. Because of this special tax treatment, most REITs pay out at least 100 percent of their taxable income to their shareholders and, therefore, owe no corporate tax." [Securities and Exchange Commission, [December 2011](#)]

**The Small Business Administration Does Not Regularly Loan Money To "Passive Companies," Such As REITs That Profit From Rental Property.** "Moreover, the Small Business Administration typically doesn't loan money to 'passive companies,' or businesses that make money from rental property (as REITs do) or other investments instead of selling a product or service. The SBA, however, makes a narrow exception for certain passive companies that lease to eligible small businesses." [ABC News, [04/29/20](#)]

### **RCI Hospitality Holdings, Inc. And Its Subsidiaries Received \$4.2 Million Total In Forgivable PPP Money And Then Paid Out \$273,000 In Cash Dividends.**

*RCI Hospitality Holdings, Inc. And Its Subsidiaries Received \$4.2 Million Total In Forgivable PPP Money.*

**May 8, 2020: RCI Hospitality Holdings, Inc. And Its Subsidiaries Received \$4.2 Million Total In Forgivable PPP Money.** "The Company has submitted its application for a PPP loan and on May 8, 2020 has received approval and funding for its restaurants, shared service entity and lounge. Ten of our restaurant subsidiaries received amounts ranging from \$271,000 to \$579,000 for an aggregate amount of \$4.2 million; our shared-services subsidiary received \$1.1 million; and one of our lounges received \$124,000. None of our adult nightclub and other non-core business subsidiaries received funding under the PPP. There is no certainty that the loan will qualify for forgiveness." [RCI Hospitality Holdings, Inc. Form 10-Q, [08/10/20](#)]

*After Receiving its PPP Loan, RCI Hospitality Holdings, Inc. Paid Out \$273,000 In Cash Dividends.*

**In The Quarter Ending June 30, 2020, RCI Hospitality Holdings, Inc. Paid Out \$273,000 In Cash Dividends.** "The Company paid \$0.03 and \$0.10 per share cash dividends during the three and nine months ended June 30, 2020 totaling approximately \$273,000 and \$920,000, respectively." [RCI Hospitality Holdings, Inc. Form 10-Q, [08/10/20](#)]

**RCI Hospitality Holdings, Inc. Declared A \$.03 Per Share Cash Dividend On June 8, 2020 And Paid It Out On June 29<sup>th</sup> Of This Year.** [RCI Hospitality Holdings, Inc. Dividend History, accessed [08/10/20](#)]

## **Lodging Fund REIT III Received \$763,100 In Forgivable PPP Money While Paying Out \$400,000 In Dividends “Declared And Paid Entirely In Stock.”**

*Lodging Fund REIT III Received \$763,100 In Forgivable PPP Money.*

**April 2020: Lodging Fund REIT III Received \$763,100 In Forgivable PPP Money.** "In April 2020, the Company entered into six unsecured promissory notes under the Paycheck Protection Program (the 'PPP'), totaling \$763,100. The PPP was established under the Coronavirus Aid, Relief, and Economic Security Act (the 'CARES Act'), which was passed in March 2020, and is administered by the U.S. Small Business Administration (the 'SBA')." [Lodging Fund REIT III Form 10-Q, [08/14/20](#)]

*In July 2020, Lodging Fund REIT III Paid Out \$400,000 In Dividends.*

**July 24, 2020: Lodging Fund REIT III Paid Out \$400,000 In Dividends.** "On July 24, 2020, the Company paid distributions of \$0.4 million, declared for daily record dates for each day in the period from March 1, 2020, through March 31, 2020, which included \$0.2 million of distributions paid pursuant to the DRIP." [Lodging Fund REIT III Form 10-Q, [08/14/20](#)]

**Lodging Fund REIT III Has Decided To Begin Declaring Dividends Quarterly As Opposed To Monthly, As Had Been The Case, With The Q2 2020 Dividends “Declared And Paid Entirely In Stock.”** “To maintain cash reserves, we determined that it is in the best interests of the Company to declare distributions quarterly, if at all, beginning in the second quarter of 2020, rather than monthly as previously had been declared. Furthermore, the distributions declared for the second quarter of 2020 were declared and paid entirely in stock (pursuant to the DRIP), rather than cash and DRIP, as had been declared in previous periods.” [Lodging Fund REIT III Form 10-Q, [08/14/20](#)]

**The Dividend For The Second Quarter Ending June 30, 2020 Was “At A Daily Rate Of \$0.00191781 Per Share Of Common Stock To The Stockholders Of Record On Each Calendar Day Within The Quarter.”** “In addition, we declared a stock distribution for the three months ended June 30, 2020, which we refer to as the Second Quarter stock distribution, at a daily rate of \$0.00191781 per share of common stock to the stockholders of record on each calendar day within the quarter.” [Lodging Fund REIT III Form 10-Q, [08/14/20](#)]

## **CRH Medical Corporation Received \$2,945,620 In Forgivable PPP Money And Then Spent \$228,559 Repurchasing Its Shares.**

*CRH Medical Corporation Received \$2,945,620 In Forgivable PPP Money.*

**April 15, 2020: CRH Medical Corporation Received \$2,945,620 In Forgivable PPP Money.** "On April 15, 2020, the Company received loan proceeds of \$2,945,620 ('PPP Loan') under the Paycheck Protection Program ('PPP'). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ('CARES Act') in order to enable small businesses to pay employees during the COVID-19 crisis, and provides loans to qualifying businesses for up to 2.5 times their average monthly payroll costs." [CRH Medical Corporation Form 10-Q, [08/10/20](#)]

*In The Quarter Ending June 30, 2020, CRH Medical Corporation Spent \$228,559 Repurchasing Its Shares.*

**In The Quarter Ending June 30, 2020, CRH Medical Corporation Repurchased 111,900 Of Its Shares For \$228,559.** "During the three months ended June 30, 2020, the Company repurchased 111,900 (2019 – 484,830) of its shares under its Normal Course Issuer Bid for a total cost, including transaction fees, of \$228,559 (CAD\$316,230) (2019 - \$1,384,049 (CAD\$1,851,740))." [CRH Medical Corporation Form 10-Q, [08/10/20](#)]

**Crown Crafts, Inc. Received \$1,963,800 In Forgivable PPP Money And Then Resumed Paying Out Dividends "Due To [Its] Strong Performance And Financial Position."**

*Crown Crafts, Inc. Received \$1,963,800 In Forgivable PPP Money.*

**April 19, 2020: Crown Crafts, Inc. Received \$1,963,800 In Forgivable PPP Money.** "On April 19, 2020, the Company executed a Note (the 'Note') in connection with a loan (the 'Loan') made pursuant to the Paycheck Protection Program (the 'PPP'), which is administered by the U.S. Small Business Administration (the 'SBA') under the Coronavirus Aid, Relief and Economic Security Act (the 'CARES Act') and the Paycheck Protection Program Flexibility Act of 2020 (the 'Flexibility Act'). The Note was entered into with CIT Bank, N.A. (the 'Lender') for the principal amount of \$1,963,800 and will accrue interest at 1.0% per year." [Crown Crafts, Inc. Form 10-Q, [08/12/20](#)]

*After Receiving Its PPP Loan, Crown Crafts, Inc. Resumed Its \$0.08 Per Share Cash Dividend Citing Its "Strong Performance And Financial Position."*

**In The Fiscal Quarter Ending June 28, 2020, Crown Crafts, Inc. Resumed Its \$0.08 Per Share Cash Dividend "Due To [Its] Strong Performance And Financial Position" – This Dividend Will Be Paid Out On October 2, 2020.** "Crown Crafts, Inc. (NASDAQ-CM: CRWS) (the 'Company') today reported results for the first quarter of fiscal year 2021, which ended June 28, 2020. [...] The Company also announced that its Board of Directors declared a quarterly cash dividend on the Company's Series A common stock of \$0.08 per share, which will be paid on October 2, 2020 to stockholders of record at the close of business on September 11, 2020. 'Due to our strong performance and financial position, the Board has decided to resume the payment of dividends as an appropriate return of value to our stockholders,' Chestnut said." [Crown Crafts, Inc. Fiscal First Quarter Earnings Results, [08/12/20](#)]