

United States Senate
WASHINGTON, DC 20510

April 7, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Secretary Mnuchin and Chairman Powell:

We are writing concerning key provisions of the CARES Act (Pub. L. 116-136) overwhelmingly approved by the House and Senate and signed into law by the President on March 27, 2020.

As you are aware, Section 4003(b)(4) of the CARES Act makes available up to \$454 billion to make loans and loan guarantees to, and other investments in, programs or facilities established by the Board of Governors of the Federal Reserve System. It does this to provide liquidity to the financial system which supports lending to eligible businesses, states, or municipalities by purchasing obligations or other interests directly from issuers of such obligations or other interests, purchasing obligations or other interests in the secondary markets or otherwise, or making loans or other advances secured by collateral.

Before the enactment of the CARES Act, the Federal Reserve and U.S. Treasury Department were already preparing for increased financial and lending assistance creating primary and secondary market corporate credit facilities (“PMCCF” and “SMCCF” or “Facility”). It is essential that the scope of the relief provided by the CARES Act is both broad and flexible. As you develop the framework and criteria for new actions, identifying all of the distressed industries will be a key element. The Department of Homeland Security’s Essential Critical Infrastructure Workers memorandum is an important source to identify distressed and essential sectors, but the economic downturn created by the pandemic has caused the credit ratings of many businesses throughout the economy to drop precipitously threatening their ability to access the Federal Reserve’s credit facilities.

Industries, like the energy and transportation sectors are facing significant economic challenges as the demand for products and services have dropped with the constraints on the economy. We urge you to ensure that the financial relief offered under the CARES Act is fully available to companies throughout the economy.

Some outside groups have already advocated certain sectors of the economy be excluded from the loans made available under the CARES Act. Acquiescing to these demands would be contrary to Congressional intent and would arbitrarily harm certain American workers. Both are unacceptable.

As part of carrying out the CARES Act, the Federal Reserve Bank of New York on March 27, 2020, released an initial understanding of the terms under which BlackRock Financial Markets Advisory unit (“BlackRock”) would administer the bond-purchasing aspects of the CARES Act legislation under the Fed’s SMCCF. We are reassured to see that those terms specify that “BlackRock will act as a fiduciary to the Facility,” must abide by

stringent conflict of interest policies, and keep staff assigned to the SMCCF segregated from other BlackRock engagements and activities.

Earlier this year, BlackRock announced that it would remove from its discretionary active investment portfolios the public securities (both debt and equity) of certain companies. This was a decision made solely by BlackRock as an individual business decision. However, we believe the Federal Reserve should emphasize that, in carrying out its fiduciary duties on behalf of the SMCCF, to avoid conflicts of interest, BlackRock must act without regard to this or other investment policies BlackRock has adopted for its own funds.

This policy should apply to all private entities that are utilized in the execution of provisions of the CARES Act.

Congress intended wide-ranging relief to employers adversely affected by the COVID-19 crisis to be administered equitably. Similar principles should apply when the Federal Reserve implements other liquidity provisions such as direct loans.

Thank you for your leadership in this time of crisis for our country.

Sincerely,



Kevin Cramer
United States Senator



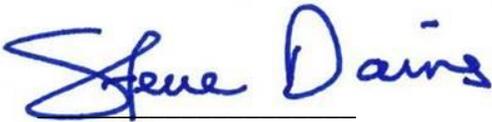
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John Barrasso, M.D.
United States Senator



Steve Daines
United States Senator



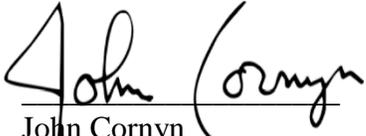
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United States Senator



Dan Sullivan
United States Senator

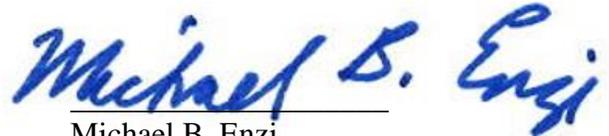


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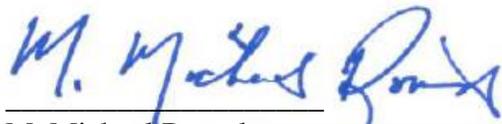

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cc: Secretary Dan Brouillette, Department of Energy