

CLIENT ALERT

New Treasury Guidance Provides Relief from Financial Instrument Offering under Payroll Support Program for Small and Mid-Sized Aviation Businesses

Apr. 14, 2020

Treasury recently [announced](#) additional guidance regarding the Payroll Support Program under Title IV of the CARES Act, which provides payroll support for American workers employed by passenger air carriers, cargo air carriers, and certain contractors to Part 121 air carriers. This guidance modifies Treasury's earlier requirement that applicants offer warrants, options, preferred stock, debt securities, notes, or other financial instruments as compensation for the provision of payroll support.

Recognizing the difficulty that small and mid-sized aviation businesses face in making such an offer, Treasury decided that it will not require passenger air carriers that receive \$100 million or less in payroll assistance to provide financial instruments as appropriate compensation. Because Treasury will not need to evaluate financial instruments proposed by passenger air carriers qualifying for this exception, funds will be available to those air carriers promptly upon approval of their applications.

This exception does not apply to passenger air carriers whose allocated payments would exceed \$100 million, or to cargo carriers or contractors. Treasury is expected to provide further guidance for those applicants in the near future. Additional guidance about this program can be found in our previous [client alert](#).

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

James G. Flood

Partner – Washington, D.C.

Phone: +1 202.624.2716

Email: jflood@crowell.com

Eileen M. Gleimer

Partner – Washington, D.C.

Phone: +1 202.624.2840

Email: egleimer@crowell.com

Ryan C. Tisch

Partner – Washington, D.C.

Phone: +1 202.624.2674

Email: rtisch@crowell.com

Scott Lessne

Senior Counsel – Washington, D.C.

Phone: +1 202.624.2597

Email: slessne@crowell.com

James Janaitis

Counsel – Washington, D.C.
Phone: +1 202.624.2961
Email: jjanaitis@crowell.com

Mary-Caitlin Ray

Counsel – Washington, D.C.
Phone: +1 202.688.3524
Email: mray@crowell.com