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A Boutique's PPP Success Story: 'Great Piece of Mind'

While many small firms have complained that they received no assistance from the Small Business Administration, Peter Ariz, managing partner of South Florida boutique Ariz Law, said the loan has made all the difference for his 11 employees.

It all happened so fast.

In mid-February, Peter Ariz was in New York City to see an Eagles concert. By mid-March, Ariz and his small boutique firm—Ariz Law—were driven out of their office after somebody in their building tested positive for the novel coronavirus, watching as state and federal courts shut down, deals slowed and each week brought more illness and death.

March was defined by the sudden proliferation of state-by-state orders forcing businesses across industries to close in an effort to stem the alarming transmission of the novel coronavirus. The closures, which have been successful in saving thousands of lives, have also decimated the economy.

The economic effects of the pandemic became very real to Ariz when he spent an entire weekend with a corporate client helping decide how to furlough half of that company's 300-employee workforce.

"They're having to make some very difficult decisions and those are challenges that I saw early on," Ariz said.

Travel restrictions ground many international deals to a halt, Ariz said, with international work accounting for about 40% of his matters. Probate cases have been jammed up in overloaded dockets, and the devaluation of assets following the spectacular crash of the stock market has given many clients cold feet.

And while the five full-time staff he employs were budgeted for the year, Ariz found himself worried that he could no longer pay his six part-time employees and independent contractors, mostly paralegals and information technology specialists, who are essential to the firm's operations. Their absence meant remote infrastructure would be vulnerable, and matters would have to be extended.

"The firm doesn't carry them full-time but we need them," Ariz, whose firm also has one other lawyer, said. "We had the work, but if the money isn't there, then what?"

Then, on March 30, Ariz got an email from his banker at **U.S. Century Bank, Janessa Cabo**, who implored him to apply for the Payroll Protection Program. The program, passed as part of the \$2.2 trillion CARES Act, earmarked \$350 billion for small business loans meant to stem the tide of mass unemployment and the cascading effect it has on the economy.

With Cabo's help, Ariz quickly secured a loan to keep on his part-time workers. The loan is meant to bridge a "gap" Ariz said, covering salaries for only six to eight weeks. But that gap and the uncertainty it brought has caused firms large and small to make deep cost cuts, including laying off and furloughing employees as well as lopping off salaries by as much as a quarter.

Because of the PPP loan, Ariz said, he and his employees were spared this fate.

"It gave us great peace of mind," Ariz said. "Because of that gap, those people would not have been used by the firm. And those people may not have been able pay their rent, or pay for their medical bills."

Many others have not been so lucky. Less than two weeks after the program initially opened, it ran out of money. In Atlanta, for instance, of 10 firms contacted by Law.com publication The Daily Report in late April, only one had actually received PPP funds. Several small New York law firms complained that they hadn't seen a dime either.

"Most people I know are supremely discouraged and exasperated trying to find out what's going on," solo attorney Eric Turkewitz told the New York Law Journal in April.

In the meantime, the legal sector shed an estimated 64,000 jobs over that month.

Cabo said Ariz's approval came down to her community bank's affirmative approach. Cabo and her team at U.S. Century reached out to their clients shortly after the CARES Act passed and took it on themselves to vet the applications, which require a battery of financial disclosures.

"I don't really think that any of our clients and nonclients that have applied to us have not received it," Cabo said. "I would say that because we are a community bank we were able to tackle every application we got."

It has been four weeks since Ariz first received the loan. He doesn't yet know whether he will go through the steps to convert the loan into a grant. But business, he said, is already starting to pick up, and South Florida courts have begun to ease restrictions on "essential filings" as the state becomes one of the first to open its economy back up.

"The gap has been filled," Ariz said. With his people taken care of, he's optimistic about the future of his firm. And past the value the part-time employees brought to his practice, the psychological effect of ensuring his employees he would do no layoffs has proven invaluable to morale.

"Nobody wants to go through the death and illness and people losing jobs," Ariz said. "We just pray that we get back to some of our regular lives again."



Ariz, Mendez & Gonzalez managing partner Peter Ariz. Photo by J. Albert Diaz