

3 1138 NORTH ALMA SCHOOL ROAD, SUITE 101
4 MESA, ARIZONA 85201
5 Telephone: 480.461.5300 | Fax: 480.833.9392
6 Joel E. Sannes (SBN 015999)
7 jes@udallshumway.com
8 Carson T. H. Emmons (SBN 024094)
9 cthe@udallshumway.com
10 docket@udallshumway.com
11 Attorneys for Debtors

12
13 **UNITED STATES BANKRUPTCY COURT**
14 **DISTRICT OF ARIZONA**

15 In re:
16 BLUE ICE INVESTMENTS, LLC,
17 STARPLEX CORPORATION,
18 Debtors.

In Chapter 11 Proceedings
Case No: 2:20-bk-02208-DPC
Case No: 2:20-bk-02224-EPB
(Jointly administered under
Case No: 2:20-bk-02208-DPC)

19 This filing applies to:
20 ___ All Debtors
21 ___ X ___ Specified Debtors

Adversary Proceeding No:

22 STARPLEX CORPORATION,
23
24 Plaintiff
25 v.
26 JOVITA CARRANZA, in her capacity as
27 Administrator for the Small Business
28 Administration,
Defendant.

COMPLAINT
(Injunctive Relief, Declaratory Relief)

1 For its Complaint against the above-named Defendant, Plaintiff alleges:

2 **PARTIES TO THE ACTION**

3 1. Plaintiff, Starplex Corporation (“Starplex”) is an Oregon corporation.

4 2. Defendant Jovita Carranza (“Defendant”) is the Administrator for the Small
5 Business Administration (“SBA”). The SBA is an independent agency of the United States
6 government. Defendant can sue and be sued in any court of general jurisdiction. 11 U.S.C.
7 § 634(b).

8 **JURISDICTION AND VENUE**

9 3. This Court has original subject matter jurisdiction over the claims set forth
10 in this Complaint because the claims set forth herein are for permissible injunctive relief
11 and declaratory relief under 15 U.S.C. § 634(b), and 28 U.S.C. §§ 157(b)(1), 2201(a), 1331
12 and 1334(b).

13 4. Venue is proper in this Court pursuant to 28 U.S.C. § 1409(a).

14 **GENERAL ALLEGATIONS**

15 5. For more than thirty years, Starplex, doing business as Crowd Management
16 Services, has operated as one of the largest crowd management businesses in the Pacific
17 Northwest, serving clients in Oregon, Washington, Montana, Idaho, Alaska, Wyoming,
18 and North Dakota.

19 6. Starplex filed for relief under subchapter V of chapter 11 of the Bankruptcy
20 Code on March 4, 2020, after creditors called several notes due.

21 7. As debtor in possession, Starplex was still operating its business and about
22 to enter its busy season.

23 8. As of the filing date, Starplex anticipated filing a chapter 11 plan that paid
24 all of its creditors in full using income from its business operations.
25
26
27
28

1 9. Because of the COVID-19 global pandemic, Starplex’s business was
2 severely reduced to the point that it cannot remain viable and pay its creditors without an
3 unexpected return to circumstances prior to the pandemic or without accessing relief under
4 the Coronavirus Aid, Relief, and Economic Security Act (“the CARES Act”), which was
5 adopted on March 26, 2020 by the United States federal government in response to the
6 pandemic.
7

8 10. Section 1102 of the CARES Act is the Paycheck Protection Program
9 (“PPP”), which provides up to \$350 billion in loans to qualified businesses to be used for
10 specific purposes, such as payroll, rent, utilities and payments on pre-existing debts.
11

12 11. The statute says PPP loans are made under section 7(a) of the Small Business
13 Act. CARES Act at section 1102(a).
14

15 12. A qualified business can receive a PPP loan equal to 2.5 times its average
16 monthly payroll, up to a limit of \$10 million. *Id.*
17

18 13. PPP loans may be fully forgiven under certain circumstances. CARES Act at
19 section 1102.
20

21 14. PPP Loans also explicitly waive certain requirements under section 7(a) of
22 the Small Business Act, such as the exhausting other credit options first, prepayment
23 penalties, and personal guarantee requirements. *Id.*
24

25 15. Payments on PPP loans are also deferred for at least six months. *Id.*
26

27 16. There is no statutory provision in either the CARES Act or the Small
28 Business Act that prohibits extending a PPP loan to a debtor and debtor in possession under
chapter 11 of the Bankruptcy Code.

1 17. To receive a PPP Loan, a qualified business must apply with any federally
2 insured participating lender, using an application form created by the SBA.

3 18. On or about April 2, 2020, the SBA released forms of applications for PPP
4 loans.

5 19. Even though section 1102 does not prohibit extending a PPP loan to a chapter
6 11 debtor in possession, the PPP application form asks if “the Applicant ... [is] presently
7 involved in any bankruptcy.” *See* Question No. 1, Paycheck Protection Program Borrower
8 Application Form, attached as Exhibit A.

9 20. The application form says “[i]f questions (1) or (2)¹ below are answered
10 “Yes,” the loan will not be approved.” *Id.* (underlining in original).

11 21. Notwithstanding the prohibition in the PPP application form, Starplex
12 submitted a PPP application to Northwest Bank, and answered “yes” to Question No. 1.

13 22. Northwest Bank rejected the application because it said Starplex did not
14 “qualify” for a PPP loan due to its chapter 11 bankruptcy. *See* email from Northwest Bank,
15 attached as Exhibit B.

16
17
18
19
20
21
22
23
24
25
26 ¹ Question 2 asks if the applicant “ever obtained a direct or guaranteed loan from SBA or
27 any other Federal agency that is currently delinquent or has defaulted in the last 7 years
28 and caused a loss to the government.” Starplex can answer “No” to this question because,
while it is delinquent on its SBA loan, it is not yet known if the delinquency has “caused
a loss to the government.” In fact, getting a PPP loan will make a loss to the government
much less likely.

1 23. Northwest Bank sent Starplex the “Lender Application Form” that also
2 recites that lenders may not approve loans unless borrowers certify they are “not presently
3 involved in any bankruptcy.” Exhibit C.

4 24. Starplex filled out the application form sent by Northwest Bank and applied
5 for a PPP loan in the amount of \$1,604,744.00. *Id.*

6 25. Starplex meets all other requirements for receipt of a PPP loan.

7 26. Upon information and belief, Starplex’s PPP application would have been
8 approved but for its “involvement in any bankruptcy.”
9

10 27. Starplex has virtually no current business income because large events
11 nationwide, and specifically within Starplex’s business territory, have been cancelled at
12 least into July 2020.
13

14 28. Starplex has also applied for a loan and grant under section 1110 of the
15 CARES Act (the EIDL grant and loan), but it is unknown if its loan under section 1110
16 will be approved. Although credit requirements are relaxed for a section 1110 EIDL loan,
17 an applicant must satisfy creditworthiness requirements.
18

19 29. Compared to EIDL loans and grants under the section 1110 of the CARES
20 Act, a PPP loan is or should be automatically granted to an applicant who meets the
21 requirements of section 1102 of the CARES Act.
22

23 30. Compared to EIDL loans and grants under the section 1110 of the CARES
24 Act, a PPP loan contains forgiveness terms that potentially could lead to complete
25 forgiveness of the loan.
26
27
28

1 31. Without a PPP loan, it is likely Starplex cannot meet payroll, rent, utility, or
2 debt obligations, including its monthly insurance payment.

3 32. Without a PPP loan, Starplex will likely cease to be a viable company and
4 will have to convert its case to a chapter 7 liquidation, which will result in most, if not all,
5 creditors receiving no money in satisfaction of their debts.
6

7
8 **COMPLAINT FOR INJUNCTIVE RELIEF**
9 **(Preliminary and Permanent Injunction)**

10 33. Plaintiff incorporates the allegations of paragraphs 1 through 32 as though
11 fully set forth herein.

12 34. Starplex is entitled to seek relief pursuant to Fed. R. Civ. P. 65 and Fed. R.
13 Bankr. P. 7065 for a Court order enjoining the SBA from requiring applicants to not be
14 “presently involved in any bankruptcy” to qualify for a PPP loan.

15 35. There is no such requirement in section 1102 of the CARES Act or under §
16 7(a) of the Small Business Act.

17 36. There is no such requirement in the SBA’s own final interim rule or in federal
18 banking rules adopted to give guidance to lenders regarding the PPP loan program.

19 37. By enforcing this requirement, the Defendant is exceeding her authority
20 under the CARES Act.

21 38. Starplex is likely to prevail on the merits.

22 39. The balance of hardships favor issuance of preliminary injunctive relief. Not
23 receiving a PPP loan may cause Starplex and its creditors to suffer immediate and
24 irreparable harm by forcing Starplex to liquidate and result in most of its creditors receiving
25 nothing. Preliminary and permanent injunctive relief while this matter is pending will not
26 cause any harm to Defendant.
27
28

1 **COMPLAINT FOR DECLARATORY RELIEF**

2 40. Plaintiff incorporates the allegations of paragraphs 1 through 39 as though
3 fully set forth herein.

4 41. Neither the PPP nor the Small Business Act prohibit approving a PPP loan
5 application for Starplex based on its status as a debtor and debtor in possession under
6 chapter 11 of the Bankruptcy Code.

7 42. Plaintiff has a legal right to apply for a PPP loan and have it considered on
8 the same terms as other applicants without regard to its status as a chapter 11 debtor and
9 debtor in possession.

10 43. By prohibiting the approval of PPP loans to chapter 11 bankruptcy debtors,
11 Defendant has exceeded her statutory authority.

12 44. Starplex is entitled to declaratory judgment that the CARES Act requires its
13 PPP loan application be considered on the same terms as other qualified businesses that are
14 not “presently involve[d] in any bankruptcy.”
15

16 WHEREFORE, Starplex prays that the Court:

17 A. Issue a preliminary injunction and require the Defendant to change the PPP
18 application form by removing the language “or presently involved in any bankruptcy” from
19 Question No. 1;

20 B. To issue a permanent injunction prohibiting the use of an otherwise qualified
21 business’s status as a chapter 11 debtor and debtor in possession as a reason for rejecting a
22 PPP loan application;

23 C. Find in Starplex’s favor on all claims alleged herein;

24 D. Award Starplex its attorney's fees and costs pursuant to the Equal Access to
25 Justice Act, 28 U.S.C. § 2412; and

26 E. Award such other relief as is deemed just and proper.
27
28

1 **DATED** this 13th day of April, 2020.

2 UDALL SHUMWAY PLC

3
4 By /s/ Joel E. Sannes
5 Joel E. Sannes
6 Carson T. H. Emmons
7 1138 N. Alma School Rd., Ste. 101
8 Mesa, AZ 85201
9 *Attorneys for Debtors and*
10 *Debtors-In-Possession*

11 **Verification**

12 Randy Scott, under oath, does swear and affirm based on my own personal
13 knowledge that the facts in the foregoing are true and correct and if not based on my own
14 personal knowledge, I believe the facts to be true and correct.
15

16
17 /s/ Randy Scott
18 Randy Scott
19 Senior Vice President for Starplex Corporation

EXHIBIT A



Paycheck Protection Program Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Non-Profit <input type="checkbox"/> Vet Org <input type="checkbox"/> Tribal <input type="checkbox"/> Ind. Cont. <input type="checkbox"/> Self Employed <input type="checkbox"/>		DBA or Tradename if applicable	
Business Legal Name			
Business Primary Address		Business TIN (EIN,SSN)	Business Phone () -
		Primary Contact	Email Address

Average Monthly Payroll:	\$	X 2.5 equals Loan Amount:	\$	Number of Jobs:	
Purpose of the loan (select more than one): <input type="checkbox"/> Payroll <input type="checkbox"/> Rent / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain):					

Applicant Ownership

List all owners of Applicant with greater than 20% ownership stakes. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN,SSN)	Address

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Business or any owner presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Business, any of its owners, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Business or any owner an owner of any other business or have common management with any other business? If yes, attach a listing of all Affiliates and describe the relationship as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Business received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

Applicants who are individuals and all 20% or greater owners of the business must answer the following questions. If questions (5) or (6) are answered "Yes" or question (7) is answered "No", the loan will not be approved.

Question	Yes	No
5. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole?	<input type="checkbox"/>	<input type="checkbox"/>
Initial here to confirm your response to question 5 → _____		
6. Within the last 7 years, for any felony or misdemeanor for a crime against a minor, have you: 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?	<input type="checkbox"/>	<input type="checkbox"/>
Initial here to confirm your response to question 6 → _____		
7. <input type="checkbox"/> I am a U.S. Citizen <u>OR</u> <input type="checkbox"/> I have Lawful Permanent Resident status <input type="checkbox"/> No		
Initial here to confirm your response to question 7 → _____		



Paycheck Protection Program Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

REPRESENTATIONS AND AUTHORIZATIONS

I represent that:

- I have read the Statements Required by Law and Executive Order included in this form, and I understand them.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business related purposes as specified in the loan application.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.

For Applicants who are individuals and all Associates: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The Business and each 20% or greater owner must certify in good faith to all of the below by **initialing** next to each one:

- _____ Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.
- _____ The funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments; I understand that if the funds are used for unauthorized purposes, the federal government may pursue criminal fraud charges.
- _____ Documentation verifying the number of full-time equivalent employees on payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight week period following this loan will be provided to the lender.
- _____ Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than twenty-five percent (25%) of the forgiven amount may be for non-payroll costs.
- _____ During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under this program.
- _____ I further certify that the information provided in this application and the information that I have provided in all supporting documents and forms is true and accurate. I realize that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.
- _____ I acknowledge that the lender will calculate the eligible loan amount using tax documents I have submitted. I affirm that these tax documents are identical to those I submitted to the IRS. I also understand, acknowledge and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Business

Date

Print Name

Title

Signature of Owner of Applicant Business

Date

Print Name

Title



Paycheck Protection Program Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Purpose of this form:

This form is to be completed by the Applicant and all individuals identified below and **submitted to your SBA Participating Lender**. Submission of the requested information is required to make a determination regarding eligibility for financial assistance. Failure to submit the information would affect that determination.

Instructions for completing this form:

For purposes of calculating "Average Monthly Payroll", most Applicants will use the average monthly payroll for 2019, excluding costs over \$100,000 on an annualized basis for each employee. For seasonal businesses, the Applicant may elect to instead use average monthly payroll for the time period between February 15, 2019 and June 30, 2019, excluding costs over \$100,000 on an annualized basis for each employee. For new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over \$100,000 on an annualized basis for each employee.

The first section and questions 1-4 request information about the Business. Questions 5-7 are to be completed, signed and dated by each applicant who is an Individual as well as each 20% or greater owner of an Applicant Business. All parties listed below are considered owners of the Applicant Business as defined in 13 CFR § 120.10, as well as "principals."

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners, and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation;
- For limited liability companies, all members owning 20% or more of the company; and
- Any Trustor (if the Applicant is owned by a trust).

Paperwork Reduction Act – You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 8 minutes. Comments about this time or the information requested should be sent to : Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416., and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503.

Privacy Act (5 U.S.C. 552a) – Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. (But see Debt Collection Notice regarding taxpayer identification number below). Disclosures of name and other personal identifiers are required to provide SBA with sufficient information to make a character determination. When evaluating character, SBA considers the person's integrity, candor, and disposition toward criminal actions. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small Business Act (the Act).

Disclosure of Information: Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act. The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use is the disclosure of information maintained in SBA's system of records when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature. Specifically, SBA may refer the information to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for, or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use is disclosure to other Federal agencies conducting background checks but only to the extent the information is relevant to the requesting agencies' function. See, 74 F.R. 14890 (2009), and as amended from time to time for additional background and other routine uses. In addition, the CARES Act, requires SBA to register every loan made under the Paycheck Protection Act using the Taxpayer Identification Number (TIN) assigned to the borrower.

Debt Collection Act of 1982, Deficit Reduction Act of 1984 (31 U.S.C. 3701 et seq. and other titles) – SBA must obtain your taxpayer identification number when you apply for a loan. If you receive a loan, and do not make payments as they come due, SBA may: (1) report the status of your loan(s) to credit bureaus, (2) hire a collection agency to collect your loan, (3) offset your income tax refund or other amounts due to you from the Federal Government, (4) suspend or debar you or your company from doing business with the Federal Government, (5) refer your loan to the Department of Justice, or (6) foreclose on collateral or take other action permitted in the loan instruments.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401) – The Right to Financial Privacy Act of 1978, grants SBA access rights to financial records held by financial institutions that are or have been doing business with you or your business including any financial institutions participating in a loan or loan guaranty. SBA is only required provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records. SBA's access rights continue for the term of any approved loan guaranty agreement. SBA is also authorized to transfer to another Government authority any financial records concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan guaranty or collect on a defaulted loan guaranty.

Freedom of Information Act (5 U.S.C. 552) – Subject to certain exceptions, SBA must supply information reflected in agency files and



**Paycheck Protection Program
Application Form**

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Occupational Safety and Health Act (15 U.S.C. 651 et seq.) – The Occupational Safety and Health Administration (OSHA) can require businesses to modify facilities and procedures to protect employees. Businesses that do not comply may be fined, forced to cease operations, or prevented from starting operations. Signing this form is certification that the applicant, to the best of its knowledge, is in compliance with the applicable OSHA requirements, and will remain in compliance during the life of the loan.

Civil Rights(13 C.F.R. 112, 113, 117) – All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. All borrowers must display the "Equal Employment Opportunity Poster" prescribed by SBA.

Equal Credit Opportunity Act (15 U.S.C. 1691) – Creditors are prohibited from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Debarment and Suspension Executive Order 12549; (2 CFR Part 180 and Part 2700) – By submitting this loan application, you certify that neither you nor any Associates have within the past three years been: (a) debarred, suspended, declared ineligible or voluntarily excluded from participation in a transaction by any Federal Agency; (b) formally proposed for debarment, with a final determination still pending; (c) indicted, convicted, or had a civil judgment rendered against you for any of the offenses listed in the regulations or (d) delinquent on any amounts owed to the U.S. Government or its instrumentalities as of the date of execution of this certification.

SAMPLE

EXHIBIT B

Carson Emmons

To: Randy Scott
Subject: RE: Update

----- Original message -----

From: Rob Bohannon <rob.bohannon@northwest-bank.com>
Date: 4/6/20 3:48 PM (GMT-08:00)
To: Randy Scott <rscott@cmsprotectsfun.com>
Cc: Brian Annand <BAnnand@gmco.com>
Subject: RE: Update

Good evening Randy,

Apologies for the delay! Following up with my voicemail, it does not appear that Starplex will qualify based on the below:

Borrower Application (attached)

If questions (1) or (2) below are answered "Yes," the loan will not be approved

Question #1: Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or **presently involved in any bankruptcy?**

Lender Application (attached)

I. Prior Loss to Government/Delinquent Federal Debt (If no, the loan cannot be approved)

The Applicant has certified to the Lender that neither the Applicant nor any owner (as defined in the Applicant's SBA Form 2483) is presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or **presently involved in any bankruptcy.**

Please feel free to reach out with any questions!

Thank you again!
Rob

Rob Bohannon

VP, Commercial Relationship Manager

Northwest Bank

4900 Meadows Rd., Suite 410

Lake Oswego, OR 97035

Phone: 503-905-3227

Cell: 503-867-3406

rob.bohannon@northwest-bank.com

www.northwest-bank.com

NOTICE: This e-mail message, including any attachments, may contain privileged and/or other confidential information and may be covered by electronic communications privacy laws. If you are not the intended recipient, or believe you have received this communication in error, please do not print, copy, re-transmit, disseminate or otherwise disclose this information in any manner. Instead, please notify the sender by reply e-mail and immediately delete it. Thank you in advance for your cooperation.

EXHIBIT C



**Paycheck Protection Program
Borrower Application Form**

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input checked="" type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other	DBA or Tradename if Applicable <p align="center" style="font-size: 1.2em;">Crowd Management Services</p>
Business Legal Name	
Starplex Corporation	
Business Address	
12722 Ne Airport Way, Portland, OR 97230	
Business TIN (EIN, SSN)	Business Phone
93-0931643	(503) 222 5957
Primary Contact	Email Address
Randy Scott	rscott@cmsprotectsfun.com

Average Monthly Payroll:	\$ 641,897	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$ 1604744	Number of Employees:	262
Purpose of the loan (select more than one): <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input checked="" type="checkbox"/> Other (explain): <u>Liability/Health Insurance</u>					

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address
Jeffrey Nelson	President/Owner	100	468665349	2247 S 198th Circle Queen Creek, AZ 85142

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? <u>Initial here to confirm your response to question 5 → JN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? <u>Initial here to confirm your response to question 6 → JN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Paycheck Protection Program Borrower Application Form

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

CERTIFICATIONS AND AUTHORIZATIONS

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule).
- The Applicant (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any loan received by the Applicant under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by **initialing** next to each one:

JN

The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

JN

Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

JN

The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

JN

The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan.

JN

I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.

JN

During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.

JN

I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

JN

I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

4/3/2020

Date

President

Title

Signature of Authorized Representative of Applicant

Jeffrey Nelson

Print Name



Paycheck Protection Program Borrower Application Form

Purpose of this form:

This form is to be completed by the authorized representative of the Applicant and **submitted to your SBA Participating Lender**. Submission of the requested information is required to make a determination regarding eligibility for financial assistance. Failure to submit the information would affect that determination.

Instructions for completing this form:

With respect to “purpose of the loan,” payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

For purposes of calculating “Average Monthly Payroll,” most Applicants will use the average monthly payroll for 2019, excluding costs over \$100,000 on an annualized basis for each employee. For seasonal businesses, the Applicant may elect to instead use average monthly payroll for the time period between February 15, 2019 and June 30, 2019, excluding costs over \$100,000 on an annualized basis for each employee. For new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over \$100,000 on an annualized basis for each employee.

If Applicant is refinancing an Economic Injury Disaster Loan (EIDL): Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan, to Loan Request as indicated on the form.

All parties listed below are considered owners of the Applicant as defined in 13 CFR § 120.10, as well as “principals”:

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners, and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation;
- For limited liability companies, all members owning 20% or more of the company; and
- Any Trustor (if the Applicant is owned by a trust).

Paperwork Reduction Act – You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 8 minutes. Comments about this time or the information requested should be sent to : Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416., and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503.

Privacy Act (5 U.S.C. 552a) – Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. (But see Debt Collection Notice regarding taxpayer identification number below.) Disclosures of name and other personal identifiers are required to provide SBA with sufficient information to make a character determination. When evaluating character, SBA considers the person’s integrity, candor, and disposition toward criminal actions. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small Business Act (the Act).

Disclosure of Information – Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act. The Privacy Act authorizes SBA to make certain “routine uses” of information protected by that Act. One such routine use is the disclosure of information maintained in SBA’s system of records when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature. Specifically, SBA may refer the information to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for, or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use is disclosure to other Federal agencies conducting background checks but only to the extent the information is relevant to the requesting agencies’ function. See, 74 F.R. 14890 (2009), and as amended from time to time for additional background and other routine uses. In addition, the CARES Act, requires SBA to register every loan made under the Paycheck Protection Act using the Taxpayer Identification Number (TIN) assigned to the borrower.

Debt Collection Act of 1982, Deficit Reduction Act of 1984 (31 U.S.C. 3701 et seq. and other titles) – SBA must obtain your taxpayer identification number when you apply for a loan. If you receive a loan, and do not make payments as they come due, SBA may: (1) report the status of your loan(s) to credit bureaus, (2) hire a collection agency to collect your loan, (3) offset your income tax refund or other amounts due to you from the Federal Government, (4) suspend or debar you or your company from doing business with the Federal Government, (5) refer your loan to the Department of Justice, or (6) foreclose on collateral or take other action permitted in the loan instruments.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401) – The Right to Financial Privacy Act of 1978, grants SBA access rights to financial records held by financial institutions that are or have been doing business with you or your business including any financial



Paycheck Protection Program Borrower Application Form

institutions participating in a loan or loan guaranty. SBA is only required provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records. SBA's access rights continue for the term of any approved loan guaranty agreement. SBA is also authorized to transfer to another Government authority any financial records concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan guaranty or collect on a defaulted loan guaranty.

Freedom of Information Act (5 U.S.C. 552) – Subject to certain exceptions, SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Occupational Safety and Health Act (15 U.S.C. 651 et seq.) – The Occupational Safety and Health Administration (OSHA) can require businesses to modify facilities and procedures to protect employees. Businesses that do not comply may be fined, forced to cease operations, or prevented from starting operations. Signing this form is certification that the applicant, to the best of its knowledge, is in compliance with the applicable OSHA requirements, and will remain in compliance during the life of the loan.

Civil Rights (13 C.F.R. 112, 113, 117) – All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. All borrowers must display the "Equal Employment Opportunity Poster" prescribed by SBA.

Equal Credit Opportunity Act (15 U.S.C. 1691) – Creditors are prohibited from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Debarment and Suspension Executive Order 12549; (2 CFR Part 180 and Part 2700) – By submitting this loan application, you certify that neither the Applicant or any owner of the Applicant have within the past three years been: (a) debarred, suspended, declared ineligible or voluntarily excluded from participation in a transaction by any Federal Agency; (b) formally proposed for debarment, with a final determination still pending; (c) indicted, convicted, or had a civil judgment rendered against you for any of the offenses listed in the regulations or (d) delinquent on any amounts owed to the U.S. Government or its instrumentalities as of the date of execution of this certification.