

Kimberly Smith Talks to *FundFire* About Advising Private Equity Funds in the Wake of the CARES Act

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National Private Equity Co-Chair Kimberly Smith spoke to the *Financial Times' FundFire* in an article titled, "Private Equity Managers Face Confusing Federal Aid Puzzle," about how the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) has impacted private equity fund managers, who are trying to determine if their portfolio companies can benefit from its provisions.

In addition to the loan initiatives included in the CARES Act, private equity funds are looking at other components, including changes to the net operating loss carry-back rules and a loosening of some regulations governing the provision of healthcare services.

"The first days after Congress passed the CARES Act brought a flurry of activity from managers — including many calls to legal counsel," Kimberly said. "As soon as the CARES Act passed, our phones were ringing off the hook from private equity firms as to whether and how their portfolio companies could participate in the programs."

Kimberly explained that many private equity-owned portfolio companies realized that they would not qualify for Paycheck Protection Program (PPP) loans, so industry organizations began advocating for rule changes that have yet to come.

"Some managers are now looking ahead to additional federal aid moves still under discussion, while other firms are simply planning to operate with no such relief," Kimberly said.

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