

# United States Senate

WASHINGTON, DC 20510

November 16, 2017

Mr. William S. Demchak  
Chairman, President and CEO  
PNC Financial Services Group, Inc.  
The Tower at PNC Plaza  
300 Fifth Avenue  
Pittsburgh, PA 15222-2707

Dear Mr. Demchak:

I write to you today about the role your bank played as a creditor of Appleton Coated, LLC. The company employed 620 people at its paper mill in Combined Locks, WI. Appleton Coated entered receivership on August 17, 2017 after PNC Bank abruptly called its loan and demanded full payment immediately. The demand was made in spite of the fact that Appleton Coated had not missed a loan payment. As a result, 500 workers have lost their jobs, and the remaining 120 could as well if a suitable buyer is not found to operate the facility as a mill.

I am deeply concerned that PNC Bank appears to have recklessly pursued short-term profit at the expense of Appleton Coated, its workers, and their families. I have included a series of questions below that I would like answered by your institution and, if appropriate, its subsidiaries, in order to better understand the sequence of events that led to the closure of the Appleton Coated mill in Combined Locks.

1. How much did Appleton Coated have outstanding on its loan to PNC when the firm entered receivership?
2. By how much did Appleton Coated miss the earnings (EBITDA) target established in the loan covenant? Did PNC discuss the implications of the violation with anyone at Appleton Coated? Please describe those conversations.
3. Why did PNC Bank choose to enforce the \$50,000 per day penalty for missing the earnings (EBITDA) target?
4. How much in total did PNC collect from Appleton Coated in penalties due to the violation of the earnings covenant?
5. Is it correct that Appleton Coated never missed a payment on its loan to PNC Bank?
6. How frequently does PNC call loans in which the borrower has never missed a payment? Please provide the number of business loans that PNC has called this year in which the borrower has not missed a payment.

7. Did any other lenders offer to buy out PNC Bank's loan to Appleton Coated? If so, why were those offers rejected?
8. Did PNC, any employee of PNC, or any representative of PNC discourage Appleton Coated from entering Chapter 11 bankruptcy?
9. Did PNC, any employee of PNC, or any representative of PNC refuse to provide debtor-in-possession financing to Appleton Coated in the case of a Chapter 11 filing?
10. Did PNC, any employee of PNC, or any representative of PNC discourage other creditors from providing debtor-in-possession financing to Appleton Coated that would have allowed the mill to continue operating?
11. Please describe the nature of the relationship between PNC Bank's representatives in Milwaukee and Chicago and the advisors that the Bank required Appleton Coated to hire.
12. How much in revenue did PNC Bank earn on its loan (including fees) to Appleton Coated? How much would PNC Bank have earned without the fees?
13. Does PNC Bank have a business relationships with any other paper producers in the region? If so, please describe the nature of those relationships.
14. Did PNC Bank consider the impact of its decision to call the loan on Appleton Coated's employees?
15. When did PNC Bank first inform Appleton Coated that it was considering calling the loan?

Thank you for your attention to this matter. If you have questions about this letter, please contact Brian Conlan on my staff at 202-224-5653.

Sincerely,



Tammy Baldwin  
United States Senator