

# *Capitalizing American Businesses*

By Lance Winslow - 1998

Here is an idea to capitalize small businesses using Financial Markets instead of SBA loans and Small Banks. There is a break down in the system, but first let me say that the current process is too bureaucratic since it is supervised by a government agency, often, taking 30-plus days with all the required paperwork.

Typically, in my observations and opinion, dumb loans are made and better loans are not made, due to political correctness. Then the SBA, SBDC, Chambers of Commerce and local economic development groups PR the loan and instant success of said business and a year later the loan defaults. Meanwhile, many worthy people go without, good candidates jump out of the process due to frustration, many times not applying in the first place since unspoken quotas make things tough to prove self worth of the system for PR releases to promote minority loans.



Also even with the 20% guaranteed by the tax payers and SBA many banks are not so interested in little loans because it creates lots of paper work. After all it is nearly the same amount of paper work for one large loan as one little one and unless the small banks or local division of a larger bank can get maximum PR often they just are not interested. The SBA has a dismal record of bad loans.

Although the principle of the endeavor is extremely noble; I propose another competing way to finance small businesses and perhaps in the future medium sized ones too, which could provide the innovations and research needed to take mankind to the next step. By providing competition we will improve the process of the SBA loan guarantee programs, while also catching more first time entrepreneurs or second step business people.



The American Dream with a chance to attain the carrot with a little help from the securities market, which was originally supposedly created to fund and capitalize the strength of our Capitalistic System in the first place. Here is the idea, I call it New American Bombs, as we fight for economic prosperity:

## ***THE NEW AMERICAN BOMBS***

**Offering:** Business Opportunity Means Better Success - Notes

**Objective:** To provide a consistent, reliable and uniform source of small business financing that can be made available for distribution throughout the country. Help American's™ achieve their American dream of starting or continuing to develop a small business with financial and business assistance through a coordinated and uniform system of small business loans. These notes will then be packaged and offered to the public and private markets as a bond type-investment.

**Description:** Uniform non-collateralized small business loan

**Amount:** Issued in loan amounts of \$50,000, \$100,000 and \$150,000 to the loan recipient. Packaged and offered to the public and private markets as an investment in denominations starting at either \$5,000 or \$25,000.

**Duration:** Durations of 5 to 10 years

**Yield:** Estimated at approximately 150% of the then current conforming GNMA notes

**Additional Requirements:** Attendance and passing of an approved vendor Certified Small Business Loan course before the processing and approval of a small business loan. This course must be taught in a class room setting and must be no less than 20 hours in duration.

**Further Objectives:** To provide a secured vehicle that will allow American's to invest in the future of America. These small business notes (packaged and promoted like the popular GNMA securities) will have a low initial purchase amount and an attractive yield for investors who want to help build the future of America while also receiving an income from their investment. These small business loans will be made available throughout the country on a uniform, coordinated and equitable basis from non-government lending sources.

This vehicle can add an immediate source of needed funds without relying on government programs. Institutions and companies can opt to join in providing funding for these small business loans. This program will lessen the reliance on extremely high interest rate lease and loan-shark type financing many small business owners must currently resort to for funding of their dreams. In addition the small business loan participants will receive hands-on class room instruction on topics of importance and necessity for the operation of a small business to further assist in the survival of their business venture. People, companies and institutions across America can have a simple, patriotic vehicle to help invest in their future and the future of our country.



## ***INVEST IN THE FUTURE OF AMERICA***

An emerging markets micro-loan program could also be created in the range of \$300 to \$5,000 and one for loans of \$5,000 to \$25,000 for Third World Nations; ***The Start Small and Finish Big principle***. This could fund programs, which take storage containers with businesses inside. Micro Industries in Third World Countries could be established along this same format, Indeed, I think it can work.