

NEWS RELEASE

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Microbusiness Trade Group Uses Strategic Collaborations to Move Money to Main Street *Cross-Sector Stakeholder Group Offers Plan to Widen Entrepreneurs' Path to Capital, Spur Congressional Action*

Washington, D.C., July 8, 2014 – In response to a challenge issued by Treasury Secretary Jacob Lew to solve for the **8,000 business loan requests that are declined every day in America**, the [Association for Enterprise Opportunity \(AEO\)](#) forged a plan to unblock the flow of capital to Main Street. AEO will share its proposal at a Congressional Briefing on Thursday, July 10, 11 a.m. at the Russell Senate Office Building. **Sen. Maria Cantwell, (D-WA), Chair, Senate Committee on Small Business and Entrepreneurship, will give opening remarks.**

“In the land of the great American Dream, 8,000 daily business loan denials are symptomatic of a massive market failure. Our analysis shows it’s a failure to deliver an estimated \$44 billion to \$52 billion in critical capital to Main Street. Each time business owners are denied requests for capital, it hinders their ability to start, grow or hire,” says Connie Evans, AEO president and CEO.



To identify solutions, particularly regarding access to capital in amounts of up to \$250,000, AEO formed the Micro Capital Task Force (MCTF), a private multi-stakeholder group to present fact-based and practical recommendations to the White House, the Department of Treasury and the Congress. Evans, a MCTF co-chair, says the MCTF represents the largest cross-sector collaboration to address this issue.

Many rejected business loan applicants need capital to start or expand their businesses. For example, Lasenta Lewis-Ellis, who despite owning a construction company that grossed \$1.1 million 2013, was recently declined for two working capital loans less than \$25,000 by two banks in one week.

Unfortunately experiences like Lasenta’s are common among the nation’s 25.5 million microbusiness owners. And they’re not reflective of the American Dream, however one defines it. In a time when the long-term unemployment rate is holding steady, Mitch Jacobs, MCTF co-chair, says Main Street “is a solution to many things that ail America.”

“We simply need a financial system that works for Main Street, and the MCTF’s collaborative approach is a tremendous milestone to that end. We are confident in our recommendations, and hope Congress will take note of **how** we arrived here, viewing it as a private-sector model for their own participation,” Jacobs says.

Another example of private-sector co-action is AEO’s partnership with OnDeck, a technology-powered Main Street lender. For a trial period, OnDeck will waive the licensing fee on its short-term working capital loan products distributed by community lenders in AEO’s 450 member and partner network. OnDeck’s technology streamlines the loan process for small businesses, and giving AEO access to the OnDeck platform means more speed and convenience in the mission-driven lending process. (*Join our [July 9 press call](#) about this deal.*)

“AEO is a longtime partner of ours and we are both committed to combining technology and mission-driven lending to increase capital access opportunities for America’s Main Street,” says Noah Breslow, OnDeck chief executive officer. “Our new trial program can further our efforts by encouraging more community lenders to distribute critical financing to small businesses.”

The partnership, Evans says, will expand the capacity of AEO’s network of nonprofit community lenders and other community-based organizations to reach underserved entrepreneurs, such as persons of color, women, veterans and low-income entrepreneurs, who have fewer financial connections and resources, and encounter greater obstacles on the path to capital and services.

“America’s economic and employment recovery rests on Main Street, and absent a systematic, coordinated national effort to bridge emerging and established elements of the U.S. financial system, capital will not flow to the very businesses with the power to revitalize America’s Main Streets and cross streets. Our MCTF and partnership with OnDeck are model examples of the power of strategic collaboration to bring change to Main Street — to create jobs, rebuild communities, and open more doors,” Evans says.

MEDIA OPPORTUNITIES

1. Press Call

Wednesday, July 9, 2014; Noon, EDT; DIN# (712) 432-1212; Meeting ID#: 176-513-221

- **Noah Breslow**, CEO, OnDeck
- **Connie Evans**, president and CEO, Association for Enterprise Opportunity (AEO); co-chair, Micro Capital Task Force (MCTF)
- **Mitch Jacobs**, co-chair, Micro Capital Task Force (MCTF)

2. Congressional Briefing | Sen. Maria Cantwell, D-Wash. (OPENING REMARKS)

Thursday, July 10, 2014; 11 a.m. EDT to Noon; Russell Senate Office Bldg., Room 428A

3. Main Street entrepreneurs are available for interviews

RESOURCES

Click [here](#) for the MCTF framework and recommendations.

Click [here](#) for more information about microbusiness and microbusiness infographics.

ABOUT

Association for Enterprise Opportunity (AEO)

The [Association for Enterprise Opportunity](#) (AEO) is the voice of microbusiness in the United States. For two decades, AEO and its more than 400 member organizations have helped millions of entrepreneurs contribute to economic growth while supporting themselves, their families and their communities. AEO members and partners include a broad range of organizations that provide capital and services to assist underserved entrepreneurs in starting, stabilizing and expanding their businesses. Together, we are working to change the way that capital and services flow to underserved entrepreneurs so that they can create jobs and opportunities for all.

MICRO CAPITAL TASK FORCE (MCTF)

The [MCTF](#) is a private multi-stakeholder group formed to present fact-based and practical recommendations to Congress, The White House, the Department of Treasury and the Small Business Administration (SBA) regarding access to capital in amounts of up to \$250,000 for the smallest businesses. The MCTF is comprised of thought-leaders and senior executives representing nonprofits, community development finance, international microfinance, Wall Street, philanthropy, national banks, credit bureaus and other private companies.

OnDeck

Launched in 2007, OnDeck uses data aggregation and electronic payment technology to evaluate the financial health of small and medium sized businesses and efficiently deliver capital to a market underserved by banks. Through the OnDeck platform, millions of small businesses can obtain affordable loans with a fraction of the time and effort that it takes through traditional channels. The company's proprietary credit models look deeper into the health of businesses, focusing on overall business performance, rather than the owner's personal credit history. The OnDeck system also provides a critically needed mechanism for financial institutions and other business service providers to efficiently reach the Main Street small business market.

OnDeck has deployed more than \$1 billion in capital to tens of thousands of businesses across 700 different industries. The company grew 150% in 2013, and was recently named #11 on Forbes' 100 Most Promising Companies in America list and was listed on the Inc. 500/5000 for a second year in a row. The company also has earned an A+ rating with the Better Business Bureau. OnDeck is financed by some of the nation's leading venture capital firms, including Google Ventures, SAP Ventures, RRE Ventures, Institutional Venture Partners and Tiger Global.

For more information, please visit: www.ondeck.com. Follow OnDeck on Twitter @OnDeckCapital.

ABOUT MICROBUSINESS

If one in three Main Street microbusinesses hired just one employee, America would reach **full employment**.

Loans under \$250,000 are frequently seen as too risky and expensive to underwrite using traditional approaches.

Microbusinesses are powerful – In 2011, **92 percent of U.S. businesses were microbusinesses**, and **generated approximately \$4.87 trillion annually for the U.S. economy**.

America's 25.5 million microbusinesses influence job creation by contributing to the employment of 41.3 million individuals, which represents 31 percent of private sector employment.

Microbusinesses are **vehicles for self-sufficiency** for their owners – they allow their owners to accumulate a median net worth of nearly 2.5 times higher than non-business owners.

Microbusinesses are a **key driver for America's employment and economic health** – If one in three Main Street microbusinesses hired just one employee, America would reach full employment.

Microbusiness is an important path to **self-sufficiency, wealth-building and job creation**.

If entrepreneurs cannot acquire capital and other resources to start or develop, then **the heartbeat of Main Street USA slows**, jobs are not created, the vibrancy of communities dim, and the wealth chasm widens.

The **capital gap to Main Street businesses represents \$44 billion to \$52 billion in unmet demand**.

AEO estimates that about **one-third (30%) of entrepreneurs who are declined for business loans are credit-worthy** using underwriting methodologies currently available in the market.

AEO's policy team successfully advocated to continue the **SBA's Program for Investment in Microentrepreneurs (PRIME) program** and increase its funding, which had been slated for elimination. The program was funded for \$5 million, which is an increase of \$1.5 million over current funding levels.

8,000

requests for capital declined
each business day

**\$44 billion -
\$52 billion**

capital gap to Main Street

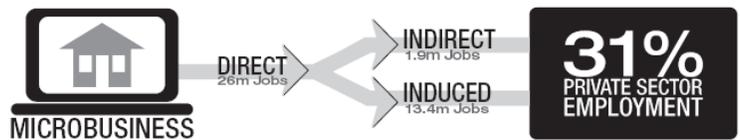
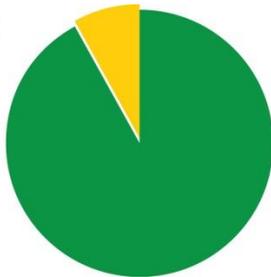
30 percent

declined requests
that are creditworthy today

Microbusinesses
represent

92%

of all U.S.
businesses



“Microbusinesses are an important tool for women to achieve upward mobility, providing them with financial independence through self-employment and thereby allowing them to support their children and families.”