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October 17, 2017

CONGRESS OF THE UNITED STATES

U.S. House of Representatives

Committee on Small Business

2361 Rayburn House Office Building

Washington, DC 20515

ATTN: U.S. Rep. Steve Chabot, Chairman

U.S. Rep. Dwight Evans, Member

RE: HEARING: "Small Business Capital Access: Supporting Community and Economic Development"

Good afternoon Committee Members:

For the record, I began my professional career 39 years ago, as an auditor with Price Waterhouse & Co.; worked as Vice President of Finance for a group of small businesses; worked for this very same U.S. House Committee on Small Business for then Chairman **Congressman, Parren J. Mitchell**; founded a Public Accounting Firm which firm served as a Financial Consultant to a Commonwealth of Pennsylvania Minority Business Economic Development Agency; worked as a minority shareholder in a national small business enterprise; and today I serve as a majority shareholder and CEO of two Emerging Minority Business Enterprises, operating on a national basis doing business with Fortune 100 enterprises.

My experience has afforded me the opportunity to work with small businesses with annual sales ranging from \$ 5,000.00 to greater than \$ 100,000,000.00 per year, in annual sales.

Perhaps more significantly are the over 50 small and minority businesses, I have interacted with over the years, that withered and died on the proverbial vine, because of a lack of access to capital.

Conversely, I experienced a period of my career, where I witnessed the positive results and meaningful favorable economic impact of businesses, that were created, fostered, revived and strived, as the direct result of receipt of capital, via economic development enterprise funds primarily received from the Commonwealth of Pennsylvania, during the early 90's and to some degree from the City of Philadelphia during the late 90's and early 2000's.

Simply stated:

- A. Small Businesses provide more jobs and contribute more to America's economic growth.
- B. There is no such thing as the growth and development of Small Businesses, absent Increased, Innovative, and relaxed mainline bank underwriting for Small Businesses.
- C. There likely does not exist any, Bank Business Loan Portfolio, Venture Capital Business Loan Portfolio, that does not have a percentage of Delinquent or Defaulted Loans, combined within the Portfolio along with neutral performing loans, and High Performing Profitable loans included within the loans, which drive the larger economy.
- D. Many large bank portfolios of loans, simply extract non-performing or poor performing loans *OUT of their active group of loans*, and place these loans in "work-out", which causes the calculated performance of Delinquent or Defaulted Loans, to have a lower rate and less active impact on the Reported Loan Portfolio Delinquency and Default Rate.
- E. Small Businesses **MUST** be afforded the opportunity to be created, grow and contribute to the economy, as in any loan portfolio some will fail, some will falter and recover and some will grow, thrive and make major contributions and re-investment in the economy.
- F. Absent access to capital, with slightly relaxed and more innovative underwriting criteria, these potentially phenomenally contributors to our existence and economy will likely never come into being or development.

Perhaps the following quotes will prove relevant:

"What happens to a dream deferred? Does it dry up like a raisin...."

Langston Hughes.

"A Dream Deferred is a Dream Denied."

Langston Hughes

"Give me a lever long enough and a fulcrum on which to place it, and I shall move the world."

Archimedes

Distinguished Gentlemen, let's not have a hearing for the hell of it, but let's do something to really make capital more accessible to Small and Minority Businesses.

Thank you,



Lin Thomas,

CEO

EMSCO Scientific Enterprises, Inc.