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MINORITY ENTERPRISE SMALL BUSINESS INVESTMENT COMPANY

(MESBIC OR 301[d])

Presented by Harold K. Brown

THE COMPANY

- **Name**
  Western Capital Ventures, Inc.

- **Geographical Area**
  Primarily San Diego

- **Philosophy**
  Diversified
  Initial - Long Term
  Amount - $200,000 to $300,000

- **Income**
  Interest on Loans
  Equity Appreciation
  Management Assistance

- **Selection of Clients**
  Investment Committee

- **Management**
  Board of Directors
  President
  Executive Assistant
  Board of Advisors

LICENSING REQUIREMENTS

- Form a company
- Have a commitment of $1,000,000 in private capital
- Submit applications to SBA

FUNDING SOUGHT

- $2,000,000 - Private capital
- $8,000,000 - SBA
- $10,000,000 - Fund Total

SBA FUNDING

- 1st tier - preferred stock - 2,000,000
- 2nd tier - preferred stock - 2,000,000
- 3rd tier - debentures - 2,000,000
- 4th tier - debentures - 2,000,000

TARGET CLIENTS

- Product/Service market acceptance
- Management Skills
- Cash flow to cover debt load
- MESBIC Expertise
- Potential to generate capital gains
- Receptive to advice and Board participation

OPERATING ACTIVITIES

- Provides equity capital
- Long term loans
- Management Assistance

Equity

Common Stock
Loans with Warrants
Convertible Debentures

Straight Loans

Management Assistance

Team of Consultants
San Diego State University Faculty - Students

MESBIC HISTORIC RESULTS

(Source - National Association of Investment Companies - N.A.I.C.)

- Half of top 100 Black Business in the United States used SBIC funding.
- Over 7,000 minority owned businesses have used SBIC funding.
- 1978-1985, $462 million financed 4,422 minority firms, which produced 82,000 jobs.

NEED FOR A MESBIC

National Picture

- Minority Population - 20%
- Minority owned firms - 7%
- Revenues - 1%

San Diego

- Minority Population - 25%
- Revenues - 2%
- Minority firms - 15% paid employees

BACKGROUND INFORMATION

- Created in 1969 by Presidential executive order
- Congress enacted legislation - 1971
- Licensed by Small Business Administration
- 150 MESBICS in the United States
- 23 MESBICS in California
- No MESBICS in San Diego

PURPOSE

To provide risk capital for small businesses owned by persons whose participation in the free enterprise system has been hampered because of social or economic disadvantage.