

The U.S. Small Business Conundrum to Keeping America Great

By J.R. Nash (July 2018)

[Global Stock Markets Have Gained \\$26 Trillion Since Trump's Election Win](#) (Nov 8, 2017)

[Trump's Tax Plan To Bring \\$250 Billion Of Repatriated Capital Back To The US](#)

[Tax Plan Will Spark An Investment Boom That Will Benefit Everyone ..."a rising tide will lift all boats"](#)

...or will it?

Let me state upfront, I am a huge fan and avid supporter of President Donald J. Trump and have been, even prior to his announcing he would run for the presidency...Americans need to thank God every day he won! Nevertheless, the following state of small business has gone mostly un-noticed and/or has not been on the radar of the administration at large.

The 2017/18 "*Trump Effect*" on the stock market, IRA's, tax reform and job growth is VERY encouraging for American's, **however, does it really trickle down to "the Real" Main Street?** On Real Main Street USA, the economic recovery is still at a slow burn...a recently released Federal Reserve Bank report stated that more than 50 percent of small businesses say that they are unable to get the capital they apply for through banks or even the growing on-line funding sources. **Smaller enterprises** (generally defined as having fewer than 500 employees but mostly having a handful or less) tend to **represent about half of US GDP and a similar share of all US employment and generate almost two-thirds of all new jobs.**

Sophisticated investors should be putting their capital into U.S. small (micro) businesses. Why? Because demand for capital remains significant in an era when even the smallest companies operate across borders. It's more tangible to invest in something "local," where capital investment provides a critical fulcrum for entrepreneurial risk-taking and innovation. The returns are attractive: on average, gross interest rates on small business loans range from 10 to 17.5 percent. And this is a huge market. Source: [Invest Local](#)

Can you imagine the economic impact in our communities if even 10% of the \$53 trillion in financial assets that are now managed by Wall Street was returned to Main Street – to be invested in small local businesses? ...and NOT just invested in the pre-IPO's and/or high-tech Co's, but into **Real Main Street!!**

As a small business owner/operator I understand first-hand the frustration most experience when seeking capital to expand and further grow their small business. I recently went through this process with one of our small businesses and have summed it up below:

1. Unless you have very liquid attachable assets (asset-class the bank desires) as collateral, Banks do not loan money to small business, period. It is most small business owners experience, that Banks like receiving and using your business deposits, for free, and to charge you fees for using your money, but will not even lend you your average annual balance...a one-way banking relationship!
2. If you are a "seasonal" business (because your business is in a seasonal area) and apply for an SBA loan, or one of the many on-line (high interest) loans, being "seasonal" eliminates you from MOST

loan opportunities. The SBA also will not loan any funds if you have ANY prior/past “history” they don’t like – it makes no difference what the reason is for a credit history item (which could be years old) you don’t qualify, period...no exceptions...no further discussion.

3. If you apply for a line of “credit” or small business term loan through a Loan Brokerage (i.e. Lending Tree and others) your information is broadcast to multiple lenders (regardless of what they tell you) who do a hard pull on your credit and they can destroy your credit rating overnight! It normally takes 1-2 years to rebuild/restore a credit rating! **The U.S. Credit rating system is broken beyond words!** Google “[The Credit Reporting System Is Broken](#)” for all of the MANY examples and frustrations of people who can’t get ahead due to a totally failed and flawed Consumer Reporting System, which **TOTALLY** controls one’s ability to get a home, car or business loan.

4. **In the current “Trump Effect” Bull Stock Market where some gains have been 30% a small business owner cannot really be successful in a Private Placement Offering as they could never begin to compete with the returns of the Market – offering even a 12% Coupon (Note) does not compare. It's a non-starter!**

Fox Business News and others, euphorically announce almost daily, how unbelievably good 2017/18 has been (and continues to be) for everyone in the stock market and with a 401K. However, for most of the 28 million small business owners in the U.S., who cannot afford to be in the stock market (all their capital is tied to their businesses and inventory) and who have gutted their own 401K’s to support their business livelihood, they are totally unaffected - for many in the U.S. the 2017/18 “*Trump Effect*” has been of “*No Effect*” for them at all. As stated in the opening paragraph, “*on Main Street USA, the economic recovery is still at a slow burn.*”

Lenders only lend (based on) what you HAVE done, not on what you WILL or want to do. How do you get from WILL to HAVE unless you HAVE the capital to execute the WILL? Only Debt & Equity funding through Private Placement seems to be available to fill that gap – IF one can obtain it AND can weather the 9 to 12 months (typically) to raise the capital AND can provide the hard costs of the private placement process (see “D” below), AND even knows how to effectively and successfully go about that process.

The Challenge

U.S. Small Businesses need other reasonable capital resources other than unregulated and predatory Short-Term High-APR Internet Shark capital, if they are going to be able to grow and help Keep America Great! Private Placement Offerings (under the Jobs Act regulations) for investments into the Local Private Market seem to be the answer for small business enterprise capitalization...IF a new more effective, lower cost delivery system for ALL is developed.

As well, potential Investors need to be both (re)-educated (on the benefits and returns), and a new system through which to deploy investment capital into the Local Private Market needs to be implemented. Investors need to be motivated to “Invest Locally.”

Will the current rising tide lift all boats? Will sophisticated investors put their capital into (Local) U.S. small businesses? **HOW does that happen? ...per the starting three articles, how does a significant amount of this new capital flow from the Stock Market Gains, the Repatriated Gains (back into the U.S.), the Increase of 401K's and the Tax Savings for millions, into Main Street USA? ...for ALL of the (half of the US GDP) reasons!** The new *Trump Effect* Money does not necessarily flow from the enriched into Real Main Street business - the tendency is for the enriched to spend it on their own companies, or to further enrich themselves by reinvesting in "Big Business" stock-market companies, not into private Main Street, Small Business enterprise.

Critical Solutions Necessary

A. **Fix the failed and flawed Consumer Reporting System**, so more of the "good apples" qualify for reasonable business loans – FICO scores are currently the main gatekeeper to borrowing money required to function individually and in business. ***The Consumer Reporting System is choking the life and motivation out of small business growth.***

B. **Force U.S. Banks to loan small businesses the capital required to continue to operate and expand.** Banks who are the depository for small business revenues, (if the history is good) should be "required" to provide a certain percentage of Credit Facility to that business.

C. **Regulate the growing on-line small business predatory lending.** A growing number of small business owners have turned to "alternative lenders" to help them stay afloat. These lenders -- mostly online and almost completely unregulated -- may offer loans at exorbitantly high interest rates (40% APR and many much higher!) and for an unreasonably short term (6-months for On-Deck as an example). As a personal example Kabbage (one of the largest online small business lenders) offered me only 20% of the capital I was seeking, for only a 6-month term, and at 157% APR!! ...who could do that? But many small businesses, unable to get a loan from a traditional bank, say they have no other option. Source: see [Are Predatory Business Loans the Next Credit Crisis?](#) and read [Pricey 'fintech' lenders put the squeeze on cash-strapped small businesses](#) – "Online lenders are a growing economic and political force. Big banks worldwide could lose 24% of their revenue over the next few years to fintech firms offering personal and commercial loans, according to a recent study by PricewaterhouseCoopers." – the predatory nature of the on-line lenders is also addressed in the report.

D. **The government should promote and support new (small business friendly) private sector solutions for the capitalization of SME's – specifically Mom & Pop Micro-businesses.** With the advent of the April 5, 2012, [Jumpstart Our Business Startups \(JOBS\) Act](#) signed into law and its new regulations, Crowdfunding (CF) and FinTech enabled Debt & Equity Crowdfunding, a new financial services industry was born, which provides an alternative to traditional banks, on-line lending, VC's and even Angel Investors.

The Crowdfunding industry is still in its infancy and should be used as a complement to other capitalization strategies. As an example, of Equity Crowdfunding and their platforms, see the [Top 10 Equity Crowdfunding Sites for Investors & Entrepreneurs](#)

HOWEVER, the great blindside unknown to most Issuers, is the actual cost of a successful Crowdfund campaign. The SEC estimates on the cost of conducting a CF capital raise - \$47,333 to \$107,583 (mean = \$77,458). Similar or greater costs for a successful Equity or Accredited Crowdfunding are also a reality. Source: <http://www.sec.gov/rules/final/2015/33-9974.pdf> - page=410. Additional industry sources support like associated costs.

For most small businesses, the associated costs of Equity Crowdfunding are too great to bare or are a hard sell to the unrealistic expectations of most (inexperienced) would be Issuers.

Lastly, point 4 page 2 above is still problematic for the current short-term until the Market cools down and people come back to reality that the current rate of returns are not going to continue on an extended basis.

Conclusion

To truly and effectively “Keep America (small business) Great” points A-D above need to be effectively addressed, and significant investment capital, on reasonable terms, needs to actually flow down to a greater number of small micro business enterprises, through a new small business friendly system, which benefits all stakeholders. Investors need to be (re)educated, incentivized, encouraged and enabled to help Keep America Great, by investing a certain percentage of capital in Local Small Business vs re-investing in Big (Wall Street) Business.

Last August, I organized a local Round Table meeting and invited Congressman Jack Bergman of Michigan’s First Congressional District to attend. The forum was for small business people to share similar concerns and challenges as addressed above. Congressman Bergman handled the meeting very well and was genuinely interested in the small business conundrum I presented.

I know these things take time to have the desired effect in Washington...however, in the mean, time, without the near-term availability of capital, some small businesses may need to sell or liquidate ...tragically, American dreams are shattered daily by the current broken system.

Only stating the problem without offering real and viable solutions, would be irresponsible. My goal is to be able to address these challenges in further detail with the appropriate members of the Senate, House of Representatives and Executive Branch, and to use that platform to offer what I see are Real Solutions for Real Main Street, and which would effectively change the game for small business enterprise and Keep America Great!

After watching (again) **Q - The Plan To Save The World REMASTERED**, it triggered my thoughts along similar lines as the new alternate social media platform wg1wga.com... we need a better system and platform to fund and support small business in the coming New America, because the current systems are hopelessly broken, and 50% of small businesses (who provide 2/3rds of all new jobs) can't find the capital to grow or survive (because of all the things addressed in the Video). I believe I have developed that platform/portal and will be redesigning it and relaunch it to support Patriot small business.

With a few changes, it will be re-launched exclusively for Patriot MAGA Investors and MAGA Small Business Entrepreneurs. My goal is to make it available to hard working small business people as we move forward in America after the Q dust settles. We are very open to any suggestions on how to make this resource more effective and are also seeking others with related backgrounds to be involved, professionally and/or as investors. DM me through my [wg1wga](http://wg1wga.com) page <https://wg1wga.com/MAGAiLIFE>

A Comprehensive Solution to The U.S. Small Business Conundrum Empowering U.S. Small Business to “Make America Great Again”

In response to the Trump Presidency and his agenda for America – to “Make America Great Again” the following small business support system and platform has been developed as a potential solution to effectively empower U.S. Small Business to “Make (and Keep) America Great Again”

[Trump: Let's Make American Small Business Great Again](#) – “For millions of American entrepreneurs, passion is the seed that will birth an idea, but to be successful in business you sometimes you need a boost and that might mean **financing or advice**”...” The backbone of the U.S. economy is small business, which makes up **99 percent** of all U.S. businesses. Keenly aware of its importance, President Donald Trump promised on the campaign trail to support local business owners and their employees by loosening government regulations, which is stifling economic growth.”

The iLIFE Capital Platform & Portal *invest Locally In Funding Enterprises*

Review the iLIFE Website for further detail

www.iLIFECapital.com



iLIFE is a new small business funding system and platform that brings together Local Entrepreneur Issuers, Local Investors, Federal, State and Local Government programs, local Chambers of Commerce and other local stakeholders in small business development; and to what extent they become more small business friendly, local banks, alternative on-line lenders and other creative capital resources.

iLIFE Capital Platform & Portal provides:

- A. A localized community-based Funding/Investment Platform in collaboration with Local

Entrepreneurs, Local Investors, supported/promoted by Local Chamber of Commerce and other Local business development stakeholders.

B. Local Entrepreneurs (“Issuers”) are provided everything needed and required to present their business opportunity in an “investor ready” package and supported by an SEC compliant FinTech enabled Platform and Portal.

1. SEC Compliant Private Placement Memorandum, Proprietary Principal Protection Strategy Options, SEC Attorney Review, PitchDeck & Video Investor Presentation Resources, Certified Defensible Gold Standard Due Diligence Report for Investors.
2. Proprietary Issuer-Investor Funding Portal-Platform with Broker-Dealer Intermediary Relationship. SEC, FINRA, & Broker-Dealer compliant for Reg A+. Reg D. 506B & 506C, Regulation CF, intrastate, and international regulations. Platform incorporates Comprehensive Issuer and Investor Education Resources. FinTech Investor Relationship Management (IRM).
3. Compliant Social and Digital Marketing Channels for accredited and qualified non-accredited Investor Sourcing – Educating and Driving Interested Local Investors to Local Issuer Offerings. Issuer Does Not Need to Source Investors - Just Respond to all Investor Inquiries.
4. Network of Local Seasoned Investment/Merchant Banking & Capital Advisory Consulting to Shephard Issuers Through a Successful Capital Raise. On-line access to many funding resources not readily known or available to the general small business entrepreneur.
5. A private labeled donation-based GoFundMe type Crowdfunding portal will be added.
6. A Small Business (on-line) Lending bank similar to an On-Deck/Kabbage type service will be developed and added to our website.

C. Lower cost of process due to the sharing of certain associated costs with others on the platform. Options are also provided to share the cost with local investors, who then receive their capital investment back at close of the private placement funding – they also may take a small preferred equity position for 3 to 5 years. *Bottom-line, no Issuer is turned down for lack of capital for the iLIFE funding process, and we are working on a new business model where qualified small business owners can launch with zero initial cost out of pocket.*

D. Options to participate in our [PrincipalProtector](#) sidecar investment, hedging investment risk. Our proprietary **PrincipalProtector Capital (Real Estate) Fund** option has an Adjustable Risk / Adjustable Return feature, making it an attractive supporting investment. The **PrincipalProtector** sidecar investment Unit is a hedging strategy which can provide for the return of investors full principal in a term certain, regardless of the success or not of the business opportunity investment, enhancing investor participation. This is a Wall Street Investment Banking type strategy, traditionally unheard of for an SME Private Placement.



- E. Issuer business support services in our **e8** Business Incubator/Accelerator. Local communities can use the iLIFE Capital System & Portal to initiate funding their own (brick & mortar) community-based Business Incubator/Accelerator, or have access to our on-line “**e8**” (www.e8ia.com) Business Incubator/ Accelerator. National Business Incubation Association statistics indicate 87% survival rate of business participants of incubators/ accelerators. We do not let businesses in the iLIFE program fail.
- F. Issuer and Investor Education and resources. The iLIFE Platform provides extensive and relevant Issuer and Investor Education, enabling not only increased knowledge about successfully raising capital and staying in compliance with the governing regulatory authorities, but assisting in the process of informed decision support for Local small business investments.
- G. All party’s have financial incentive and participation in the fruits of the outcomes of the iLIFE System.
1. Entrepreneurs obtain the capital they require to grow their business
 2. Investors get a good return on investment, both monetarily and in the social benefits of doing well while doing good for the local community.
 3. iLIFE Capital shares a certain percentage of their net profits with the local Chamber of Commerce or local supporting business development entity.
 4. The communities benefit by having financially healthy and growing businesses and a way to attract and grow new businesses in the community.
 5. America benefits as it sustains growth of small business, the backbone of the country
- H. A solution for or eliminates the need for a high FICO score for the Issuer - Private Placement neutralizes the flawed Consumer Reporting System, as in a Private Placement Memorandum, it is not a requirement to provide potential investors with your FICO score.
- I. A much better alternative and could eliminate the need for Alternative Lending and Bank Loans (although SBA programs are still very attractive for those who qualify). A Private Placement could setup the entrepreneur for better positioning and qualification for a future SBA loan.
- J. Slow Money. It is true Debt & Equity Crowdfunding Private Placement is slower money than Bank loans, SBA funding, and 24-hour Alternative Lending. The Private Placement process takes time, money and a greater effort from the Issuer. The capital raise could take months to complete. However, the iLIFE System, Platform and Portal provides for an SEC compliant and proven capital raising process that enables the self-issuer to Successfully Raise Capital from Local investors within the shortest period of time as compared to other traditional private placement offerings. Damaged credit history and even bankruptcy does not affect most private placement.

If you want to succeed, you should strike out on new paths, rather than travel the worn paths of accepted success. – John D. Rockefeller

You have to learn the rules of the game. And then, you have to play better than anyone else. – Albert Einstein

Turned off by what they see as the failures of traditional finance, a new breed of investor is turning to small investment clubs and networks through which they can make loans, equity investments or a little of both in “Local” (city, town, county or a defined primary statistical area) nearby businesses...This is a way for both sophisticated and small (non-accredited) investors to put their money in Main Street businesses and help them grow ~ “The Local Small Business Investing Revolution” - www.cnbc.com/2016/02/16/reaping-profits-in-the-local-investing-revolution-in-us.html

"All told, against an otherwise difficult investing backdrop, the rewards of investing ‘local’ outweigh the risks - Small business investments offer a unique opportunity to generate attractive returns that are less correlated to public stock and bond markets." ~ “Invest Local” - www.huffingtonpost.com/kevin-harmon/invest-local_b_7586582.html

“Entrepreneurs and their small enterprises are responsible for almost all the economic growth of the United States” ~ Ronald Reagan

“Make America Great Again!” ~ President Donald Trump

~ Invest Locally, Put Your Money Where Your Life Is ~



www.iLIFECapital.com