Dear Sirs and Madams:

As you consider investments by banks into Small Business Investment Companies (SBICs), the following points are relevant:

- SBICs such as ours invest exclusively in small, growth-oriented businesses that add to employment and create wealth for a broad level of employees. We do this for business purposes, and are additionally closely regulated by the SBA to assure that purpose is adhered to.
- SBICs invest where large funds don't – outside typical VC-centers, often in economically distressed areas – because labor is more available, rents are lower, and larger firms are not competing.
- SBICs make long-term investments in growth – we are patient capital, not traders. It takes 5 to 7 years or longer for a company to grow sufficiently for the SBIC to realize an exit (which is often a larger private equity firm coming in to fund the next level of growth).
- Without the CRA credit provided to banks for investments in SBICs, fundraising would be far more difficult given the smaller size of our funds.

I hope you will view favorably regulations permitting and encouraging investment in SBICs.

Sincerely,

Frederic H. Morris
Partner

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