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United States Senate
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

December 1, 2003

Honorable Hector V. Barreto
Administrator
U.S. Small Business Administration
409 3rd Street, S.W.
Washington, DC 20416

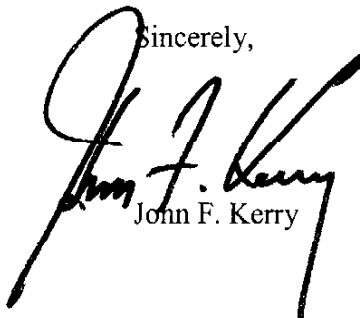
Dear Administrator Barreto:

I am writing regarding reports that the SBA has delayed progress on their contract negotiation with NEXGEN Solutions, Inc. This delay has imposed a significant financial burden on NEXGEN, a minority-owned small business and participant in the SBA's own 8(a) program. Even more disconcerting are the reports that the delay in resolving this contractual dispute is causing an economic hardship on the small businesses that have paid to participate in the "SBA Exchange" program designed by NEXGEN but which has been terminated by the SBA for "convenience." I am concerned that as SBA's delay in resolving this matter continues, it is increasingly unlikely that these other small businesses will be reimbursed.

Although Agency staff has made a great deal of promises to small businesses regarding the failed SBA Exchange network, which was scheduled to go online in September of 2002, the Agency has failed to implement any action to offer these small businesses comparable services. SBA officials have informed my staff that SBA's District Directors will reach out to approximately 90 of the firms that paid to participate in the program, educating them on existing programs and services offered by the SBA. While this is a step in the right direction, it does not go far enough to compensate these small firms for investing in an SBA sponsored program that was terminated for convenience by the SBA. Since the SBA should be performing aggressive outreach to assist small firms, regardless of their participation in the SBA Exchange program, reimbursement seems to be an appropriate remedy in this situation.

I have been informed that the SBA's General Counsel's office is in consultation with the Department of Justice in an attempt to find a solution and that both agencies will issue a resolution in approximately two weeks. Please have your staff contact Nigel Stephens on my Committee Staff, by close of business on Monday, December 8, to advise us of the measures that are being taken to resolve this matter fairly, equitably, and expeditiously.

Sincerely,


John F. Kerry