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United States Senate

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

March 24, 2004

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

Dear Administrator Barreto:

As Ranking Member of the Committee on Small Business and Entrepreneurship, pursuant to section 10 of the Small Business Act, 15 U.S.C. 639, I request that the following information regarding the Telecommunications Development Fund (TDF) be reported to my Committee office by Friday April 2, 2004.

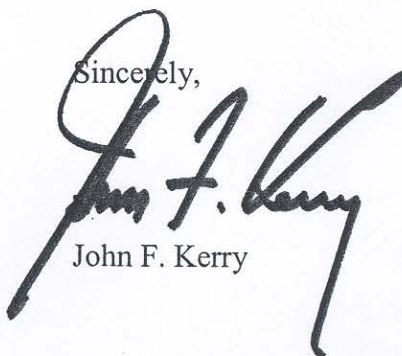
Section 707 (c)(1) of the Telecommunications Act of 1996, P.L. 104-104, specifically mandates that a representative from the Small Business Administration to sit on the Board of Directors of the TDF. The intent of including a SBA official on the Board was to ensure that small businesses' interests were represented in all of the Board's activities, especially those related to fair access to the telecommunications market. In fact, the first goal of the TDF, stated in Section 714 (a)(1), is "*to promote access to capital for small businesses in order to enhance competition in the telecommunications industry.*" In relation to these statutory requirements, I ask that the agency provide the following information regarding the effectiveness of the SBA representative on the Board:

1. What challenges to small business, as they attempt to enter the telecommunications market, has the SBA representative expressed to the TDF? What specific recommendations has the SBA representative brought to the Board in order to address these concerns? What actions have been taken by the SBA representative to increase the benefit of TDF to small business? Please include any copies of recommendations or other communications made by the SBA Representative to the Board.
2. Section 714(e)(1) of the Telecommunications Act of 1996 states that "*all moneys deposited into accounts of the Fund shall be used solely for the making of loans, investments or other extensions of credit to eligible small businesses*" in accordance with subsection (f), which governs the eligibility of small businesses. Please list all the firms the TDF has invested in since its inception as well as the date and dollar amount of each investment. Please list the firms that have received loans or other credit from the TDF. Include the date and dollar amount of each loan.

3. Please report the demographic breakdown of small businesses that have received assistance from the TDF, specifically listing if the companies are service-disabled veterans, women, 8(a) companies, 8(a) graduates, HUBZone firms, minorities, or Small Disadvantaged Businesses(SDB).
4. Section 714(e)(2) of the Telecommunications Act of 1996 states that the TDF shall be used for the "*provision of financial advice to eligible small businesses.*" Please outline the measures that have been taken to provide this support and provide any relevant documentation that can verify substantive recommendations or communications with the Board made by the small business advocate with respect to the requirement.
5. Section 714(e)(4) of the Telecommunications Act of 1996 states that the TDF shall be used for the "*preparation of research, studies or financial analyses.*" Please provide the date and scope of the research, studies or analyses have been commissioned by the TDF as well as a summary of the findings have been made and the cost of the research. Did the SBA representative request any of these inquiries?
6. Please provide a list of each individual, and his/her tenure, that has held the SBA position on the Board since January 1, 2000. If there was a vacancy at any time, please note how long the vacancy occurred. Also include an explanation of how the SBA performed its duties at the TDF during this time.
7. Section 714(e)(3) of the Telecommunications Act of 1996 states that funds in the TDF shall be used for "*the administration and management of the Fund (including salaries, expenses, and the rental or purchase of office space for the fund).*" Please provide an itemized breakdown of the funds utilized by the TDF in this regard, including travel expenses, if applicable.

Thank you for addressing this important issue. I look forward to your prompt response. If you have any questions or concerns regarding this request, please contact Nigel Stephens of my Committee staff at (202) 224-8496.

Sincerely,



John F. Kerry