

# GATEWAY E-GAZETTE

October 2008

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## DISTRICT DIRECTOR'S CORNER



Dennis Melton, District Director

We find ourselves in very troubling economic times. The sub-prime market collapse has spread to Wall Street, causing both a severe financial and credit crisis. According to the Federal Reserve Bank of St. Louis, nationwide sub-prime lending grew from 6% in 2001 to 24% by 2006. The result was a pumped up housing market with an unsustainable increase in property values. When the number of failed loans hit an unprecedented level, these foreclosures flooded the market causing the inevitable downturn in property values.

Because of this we witnessed one investment bank after another capitulate, resulting in tightening credit standards and availability of capital becoming more difficult. Small businesses, even those with good credit and good business, found it more arduous to obtain the credit they needed to start, maintain, or expand their business. As a result, the President and Congress responded with an Economic Rescue Plan because only the federal government has the resources and patience to pull these distressed real estate securities off the market and return the financial system to a sense of normalcy.

This plan is designed to reduce turmoil in the housing market, which will help small business owners who use their personal residence as collateral for business invest-

ments. Since entrepreneurship is the engine that drives our economy, and capital is the lubricant that allows the engine to run, the financial rescue plan should help relieve the pressure on credit by returning liquidity to the banking system and allowing loans to flow once again.

This rescue plan is also designed to protect the taxpayer by including a) equity provisions (the government will own Preferred Shares of the banks and receive dividends before other shareholders receive their payouts); b) a provision to encourage the banks to buy back these shares within five years; c) strict standards for executive compensation; d) a prohibition on "golden parachutes;" and e) various other requirements. In addition, effective immediately, the FDIC has temporarily expanded government insurance to cover all non-interest bearing transaction accounts (as used by many small businesses to cover day-to-day operations) and most new loans to insured banks.

Please note that this plan is not designed to take over the free market but to preserve it. It is designed to unfreeze the market for commercial paper to help American businesses meet payroll, purchase inventory and invest to create new jobs while also protecting the taxpayer. In each case, the government's role is designed to be limited and temporary, with an exit strategy once the economy has recovered.

This is not a time for panic; it is a time for leadership.

Dennis Melton

Helping small businesses  
**start, grow and succeed.**



Your Small Business Resource

## SCORE “COUNSELORS TO AMERICA’S SMALL BUSINESS” OPENS NEW OFFICE IN KIRKWOOD

SCORE has opened a new office in Kirkwood, Missouri. The office is located in the National City branch at 333 South Kirkwood Road, phone (314) 800-1527. Larry Ross will serve as the manager. The office will be open Monday through Friday from 10 a.m. to 3 p.m.

The Kirkwood office is a branch of SCORE Chapter 21, located at 200 North Broadway, Suite 1500 in the City of St. Louis. Other branches of SCORE Chapter 21 are located in St. Charles, the Veteran’s Business Resource Center, and the Hispanic Chamber of Commerce. The SCORE Association office is located in Washington, DC.

Since 1964, SCORE has assisted more than 8 million aspiring entrepreneurs and small business owners through counseling and business workshops. More than 10,500 volunteer business counselors in 389 chapters serve their communities through entrepreneur education dedicated to the formation, growth and success of small businesses.

## THE KEYS TO SUCCESS WORKSHOP A HUGE SUCCESS

On October 16, the St. Louis district hosted SBA 7(j) training, “Managing Success in the 8 (a) Business Development Program – Part 1, Successful Business Practices.” The training was provided by Ms. Cassandra Ford of the Tom Sawyer Company. The workshop provided training on how to successfully and strategically market their firm to the federal government as well as how to effectively manage funds and prepare a cost proposal for a potential contract. Comments received after the training were positive, ranging from “very effective and informative” to “knowledgeable and passionate instructor”!

Several district employees also attended who at times offered advice to participants which

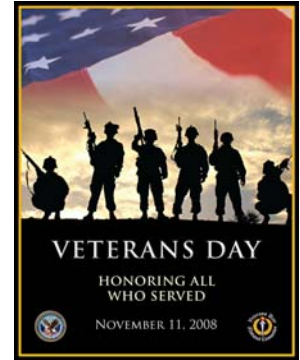
added synergy, making the event a valuable experience for everyone.

Under Section 7(j) of the Small Business Act, SBA is authorized to provide management and technical assistance through grants and cooperative agreements to qualified service providers. The management and technical assistance includes specialized training, professional consulting and executive development to eligible firms and individuals participating in SBA’s Business Development program, other small disadvantaged businesses, low income individuals, and firms in either labor surplus areas or areas with high proportion of low-income individuals.

## 2009 SMALL BUSINESS WEEK NOMINATIONS

Each year our nation’s president designates a National Small Business Week to celebrate and honor small business owners and their accomplishments. The Washington, DC celebration will take place during the week of May 18-23, 2009. Do you know of a small business or small business advocate that you would like to nominate for a deserving award for Small Business Week? The St. Louis district office is accepting nomination packages until Friday, November 14, 2008 for awards in several different categories.

The guideline information for each category is posted on the Small Business Week of Eastern MO website at [www.smallbusinessweekstl.org](http://www.smallbusinessweekstl.org). St. Louis’ local celebration of Small Business Week is May 11–16, 2009, with the Salute to Small Business Lenders and Hall of Fame Breakfast kicking off the week of events. The nomination packages are due in to the St. Louis SBA office, 200 N. Broadway, Suite 1500, St. Louis, MO 63102 no later than November 14, 2008 for judging. A district winner will be selected for each category. For more information, please contact Patti Guttman at 314-539-6600, ext. 255 or email at [patricia.guttman@sba.gov](mailto:patricia.guttman@sba.gov).



As you may know, Tuesday, November 11, 2008 is Veterans Day, originally representing the Armistice that ended World War I. WWI was formally ended at the 11th hour of the 11th day of the 11th month of 1918. This day was proclaimed Armistice Day by President Woodrow Wilson on November 11, 1919. Later, in 1954, the day was changed to Veterans Day. On this day we should remember those that served this country to protect the freedoms we so enjoy.

SBA, in recognition of that noble effort, has established 1) the Patriot Express loan initiative which services not only veterans but active members of the military, reservists, national guard members and their spouses; and 2) the Military Reservist Economic Injury Disaster Loan program (MREIDL) which provides funds to eligible small businesses to meet ordinary and necessary operating expenses that it could have met, but is unable to meet, because an essential employee was “called-up” to active duty in their role as a military reservist.

For additional information on programs and services available to the military community, visit the SBA’s [Office of Veterans Business Development](http://www.sba.gov/veterans) web site or call Bob Morgan at (314) 539-6600, ext. 228.

## SBA Introduces its Newest Online Resource for the BABY BOOMER GENERATION OF ENTREPRENEURS

The U.S. Small Business Administration today unveiled a new Web site geared to the 50-plus entrepreneur, providing useful information, links and resources vital to starting, growing and expanding a small business.

The new Web site at [www.sba.gov/50plusentrepreneur](http://www.sba.gov/50plusentrepreneur) features interactive information and links to help 50-plus entrepreneurs consider the benefits and rewards of business ownership, and to help them make informed choices about business ownership.

“The SBA is working hard to increase opportunities for small businesses of the baby boomer generation at every stage of their business development through better technology tools and effective services through the agency’s district offices and resource partners,” SBA Acting Administrator Sandy K. Baruah said. “We believe 50-plus entrepreneurs will drive significant new business growth in the coming years.”

Components of the new Web site include a self-assessment feature to help the aspiring entrepreneur determine his or her business readiness, information on borrowing and credit, and inspirational success stories from baby boomer entrepreneurs. The web site will help users evaluate the reasons for business ownership after age 50, the risks involved, and how to devise a plan of action at every phase of business development.

This is the first new offering under the structure of the re-launched Office of Entrepreneurship Education (OEE). OEE combines SBA’s online education programs, business and community initiatives, and outreach to underserved markets under a single umbrella.

As baby boomers consider career and lifestyle shifts that extend beyond their work careers, tapping into the world of business ownership can allow them to leverage their flexibility, know-how and business acumen to go into business for themselves. Many have already joined the ranks of the nation’s self-employed and small business owners.

### St. Louis Hosts Chinese Dignitary

Guorong Li, Deputy Director, General Office Secretariat of China’s Banking Regulatory Commission visited the St. Louis district SBA office on September 25th. The district office staff briefed Mr. Li on SBA loan programs, federal government contracting, 8(a) and HUBZone certifications, and the disaster loan program. Mr. Li brought an interpreter who enabled a question and answer session to take place.

Mr. Li was welcomed by St. Louis District Director, Dennis Melton, and Laura Gelstein, a bilingual niece of Andrea Johnson, an 8(a) owner of TechGuard Security in the St. Louis 8(a) portfolio. Following their exchange of information, Mr. Melton presented China’s Guorong Li with a replica of the Gateway Arch.



**Guorong Li, Dennis Melton**

## SPOTLIGHT ON THE FIELD



In November, the SBA will join the Missouri National Guard Benefits Office, the U.S. Department of Veterans Affairs, The Vet Center of St. Louis, the Missouri Veterans Commission, the Missouri Career Center and other organizations in making presentations to Guard members and their families on programs that can assist them and their dependent family members.

The briefing will be held in Hannibal on Saturday, November 1st, and in Moberly on Sunday, November 2nd, for Detachment 1 of the 2175th MP Company.

Bob Newman, SBA’s senior area manager for north-east Missouri will be on hand to distribute information on SBA’s programs and services and to talk about the agency’s commitment to America’s veterans and their families.

If you are a veteran, or a family member of a veteran or Guard member, please call Bob at (573) 406-0134 to discuss what SBA’s programs—including the Patriot Express Loan Initiative—can do for you.

## Gateway e-Gazette

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We welcome your questions or comments. Please contact me at the e-mail address listed above.

### Subscription Information

If you would like to subscribe to receive this quarterly e-newsletter and other periodic information, please go to <http://web.sba.gov/list/> and click on the box in front of *Eastern Missouri Newsletter*, submit your name and e-mail address, and click Submit.

Helping small businesses  
**start, grow** and **succeed**.



Your Small Business Resource

# MOST ACTIVE LENDER RANKINGS FOR FISCAL YEAR 2008\*

Multi-State	# of Loans	Amount
U.S. Bank, NA	190	\$13,332,100
Commerce Bank, NA	119	13,156,500
National City Bank	36	2,646,400
Superior Financial Group	28	295,000
Innovative Bank	27	455,000
Southwest Bank, an M&I Bank	25	1,400,500
Bank of America, NA	18	419,000
Regions Bank	13	4,310,600
CIT Small Business	12	7,152,000
PNC Bank	10	2,464,800

Community Banks	# of Loans	Amount
The Bank of Missouri	31	\$3,514,100
Bank of Sullivan	12	1,085,800
The Central Trust Bank	11	1,072,500
Pulaski Bank	9	3,454,395
Boone County National Bank	8	2,248,000
First Bank	8	2,467,900
Hawthorn Bank	7	2,478,400
Heartland Bank	6	3,354,300
Premier Bank	6	1,438,800

Certified Development Companies	# of Loans	Amount
Economic Development Corp. of St. Charles County	38	\$19,654,000
RMI	12	4,805,000
Meramec Regional Dev Corp	6	2,319,000
Economic Development Corp. of Jefferson County	6	2,083,000

\* Rankings based on loans approved October 1, 2007 thru September 30, 2008