



TO: Office of Thrift Supervision
 Regulation Comments
 Chief Counsel's Office
 1700 G Street, NW
 Washington, DC 20552
 No. 2004-04
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FROM: David Kirkpatrick
 Managing Director, SJF Ventures
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DATE: April 6, 2004

RE: Joint Notice of Proposed Rulemaking's on the Community Reinvestment Act (Federal Register, Vol. 69, No. 25 pp.5729+)

I am writing on behalf of SJF Ventures to express our support for a strong Community Reinvestment Act (CRA.) Specifically, we are writing to oppose the proposal to limit CRA's applicability for smaller financial institutions and to reduce the application of the investment test with CRA. We also are writing to support the expansion of CRA to a broader range of financial institutions, such as insurance companies.

SJF Ventures is a venture capital fund with a mission to serve low-wealth citizens and communities that has been certified as a Community Development Financial Institution (CDFI) by the U.S. Treasury Department. Our fund was capitalized with \$17 million in investments, primarily from banks incentivized in part by CRA, such as Bank of America, Wachovia, Citibank, Deutsche Bank, and MBNA. We are in the process of raising a second fund of \$50 million; A strong CRA is important to continuing to encourage financial institutions to invest in funds such as ours that prioritize creating employment and asset-building opportunities for low-income families. SJF

SJF's portfolio companies have retained and created 1,583 jobs to date. Seventy-five percent of those positions have been filled by low-wealth employees. Nearly all of the portfolio companies provide employer-paid health insurance and many offer employee training programs, 401K plans and profit sharing or broad-based employee stock options. SJF portfolio companies have fostered community revitalization, with 77% of portfolio company sites and 64% of employee residences in economically distressed urban or rural locations. SJF has led or co-led financing rounds in 13 of 18 portfolio companies, with SJF investing \$10.2MM in rounds totaling \$44MM. Most of these companies would not have received sufficient financing without SJF's leadership.

Investing with a CRA motivation is also good business for banks. Due to our diversified and expansion stage investment strategy, we anticipate returning more capital to our bank investors than most conventional venture capital funds capitalized, like SJF, in 1999.

Thank you for your attention to our feedback. To learn more about our fund, visit www.sjfund.com