

U.S. SECURITIES AND EXCHANGE COMMISSION

SEC's 41st ANNUAL
SMALL BUSINESS FORUM

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AUDIO TRANSCRIPTION

U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C.

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P R O C E E D I N G S

INTRODUCTION

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3 MS. MILLER: Good afternoon and welcome to the
4 SEC's 41st Annual Small Business Forum. This is one of
5 my favorite events of the year, and not just because it
6 brings together hundreds of people who are passionate
7 about capital-raising, all of our commissioners, as well
8 as other government leaders.

9 This annual event signals that no matter the
10 good work we have done, we will always need advocates
11 pushing us to rethink and retool our policies in
12 response to a constantly changing environment.

13 If the world were static, like an unchanging
14 fish tank, we could have crafted perfect rules that
15 could be etched in stone forever. With the right people
16 in the room in 1982 at the first forum, we conceivably
17 could have solved all of the capital-raising challenges,
18 patted each other on the back, and moved on.

19 Yet we live in a dynamic world, less a fish
20 tank than a vast blue ocean. It is a world defined by
21 continuous change, not homeostasis. Entrepreneurship and
22 investing have dramatically changed over the past 41
23 years of the forum, not to mention the nine decades of
24 the SEC's existence, and they will continue to change.

25 Even the best, most thoughtful policies will

1 become outdated with time, requiring and revisiting and
2 refining to meet the needs of a changing world. Let's
3 take the last three years as an example, which
4 coincidentally line up with the three years the forum
5 has taken place since our office's conception.

6 In 2019 we met in the middle of the country in
7 Omaha, Nebraska, where the staple tends to land in the
8 middle of a map of the United States. One of the key
9 things of that forum was highlighting that
10 entrepreneurship exists everywhere.

11 We did what many entrepreneurs were then doing
12 to raise capital, hop on an airplane and travel across
13 the country. The 2019 forum occurred in the world of
14 handshakes, nametags, and crowded auditoriums.

15 One year later as we were finalizing plans to
16 take the 2020 forum -- we were forced to flip our plans
17 upside down in response to COVID-19. It was our first
18 foray into hosting the forums on sofas and in home
19 offices across the country.

20 Just a few months into the pandemic, the forum
21 conversation shifted from the -- to the issues of the
22 day, how the world would adapt to working remotely, and
23 even more critical, how the racial justice reckoning of
24 Black Lives Matter would impact capital-raising policy.

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25 Last year as we celebrated the 40 Small

1 Business Forum, we were well well-versed with virtual
2 meetings, albeit with a heavy dose of Zoom fatigue.
3 Instead of talking about when we would get back to
4 normal, the way things had been pre-pandemic, we were
5 talking about how we would evolve going forward,
6 blending the best of both worlds.

7 The 2021 forum was less about how to use tools
8 for remote collaboration and more about how those tools
9 could unlock trapped potential among entrepreneurs and
10 investors alike.

11 As we look ahead to this year's forum and
12 future gatherings, we know this vast ocean will continue
13 to change. Your advocacy efforts are essential to
14 refining policy to build the companies of tomorrow.

15 Whether it be the rise of Web 3, new forms of
16 financing, changing investor expectations, or
17 illumination of social inequities, I have no doubt that
18 the forum will continue to be a critical venue to
19 explore the changing tides and how we as policymakers
20 should correspondingly evolve in our thinking.

21 For those listening along and thinking, well
22 Martha's stating the obvious, of course things have
23 changed since 1982, and of course they will continue to
24 change, you're right. Which makes my call to action to
25 rethink all the more important.

1 The purpose of the forum is not to convene a
2 group of people who all think alike and have the same
3 ideas about how to fix capital-raising policy. Instead,
4 the purpose is to convene a group of people who can
5 share stories, perspectives, and suggestions that will
6 intrigue, spark ideas, and make you question what you
7 know about capital-raising, so that you may do
8 rethinking of your own.

9 Ironically, this call to action to rethink is
10 the most challenging for the smartest person in the
11 room, the expert, the person with the answers and the
12 impressive resume.

13 Take my nudge as a compliment. Research shows
14 that the smarter you are, the harder it often is for you
15 to update your beliefs and viewpoints on the world, and
16 hence the more important for you to actively for
17 yourself to rethink.

18 I'll share an example. Many capital markets
19 extol that the market is efficient, meaning that if a
20 company is a good one, capital will find it. Conversely,
21 if a company struggles to raise capital, it must be
22 because that company is a bad one.

23 Maybe that would be the case in a contained
24 fishbowl. Yet the data and our office's experiences have
25 shown again and again that who you are, your personal

1 network, location, education, and demographic group
2 often is the first hurdle to clear before investors ever
3 learn what you are building, and critically, whether
4 they will invest.

5 Many founders never get in the room to tell
6 their story to investors because of who they are. I
7 would use the phrase the door is slammed in their face,
8 but for most of those founders, they never get near the
9 doorway at all.

10 If you haven't witnessed the exclusivity of
11 capital-raising, it's easy to buy into the meritocracy
12 narrative that good money will find good companies if
13 you don't pause to rethink. The meritocracy narrative
14 is just not true, at least not for those who don't look
15 the part.

16 As we embark upon the next four days of the
17 forum with insightful remarks from each of our
18 commissioners and each of our speakers, listen closely
19 when you hear something new, something that conflicts
20 with your world view.

21 If you find a puzzle piece that looks out of
22 place, rather than casting it aside, ponder whether
23 there are others like it, whether the complete puzzle
24 may be bigger than the picture you've had to date. That
25 is the beauty of the forum. You will stretch, learn, and

1 grow at the same time you are actively influencing
2 policy.

3 Thank you for joining us today and across each
4 day of the 41st Small Business Forum. I am grateful that
5 you care deeply about capital-raising and are spending
6 your most valuable resource, your time, with us. It
7 takes a talented team to bring this event together, and
8 while biased, I think ours is the best.

9 Thank you to Jenny Choi (phonetic), Julie
10 Zelman Davis (phonetic), Sebastian Gomez Abero
11 (phonetic), Sarah Kenyon, Jeff Delanthia (phonetic),
12 Jenny Riegel (phonetic), Malika Sullivan (phonetic),
13 Todd VanLaere (phonetic), with extra thanks to Amy
14 Reischauer and Kim Dinwiddie for leading this event.

15 It has been the greatest gift these past
16 three-plus years serving as the SEC's inaugural director
17 of the Office of the Advocate for Small Business Capital
18 Formation. In this role, I have learned more from
19 engaging with people who think differently than me than
20 those with whom I have shared perspectives.

21 To each person who has taken the time to raise
22 your hand, speak up, and collaborate to advance capital-
23 raising policy, thank you. My ask of you is to keep it
24 up, to raise your hand again, or for the first time, and
25 to use your voice for good.

1 Now join me in diving into the main event, the
2 vast blue ocean, which is far more interesting than a
3 fish tank could ever dream to be.

4 It is now my pleasure to introduce Chair Gary
5 Gensler to welcome you to the forum.

6 CHAIR GENSLER: Thank you so much, Martha, for
7 those excellent remarks and all that you do. I want to
8 say how grateful I am for your leadership, particularly
9 as you prepare for your next chapter in your
10 professional life.

11 And as is customary, I'd also like to note
12 that my views are my own and I'm not speaking on behalf
13 of the Commission or SEC staff.

14 Martha, in the closing days of 2018, you
15 stepped up to the plate to build and lead the SEC's
16 Office of the Advocate for Small Business Capital
17 Formation. Since then, the Office has represented the
18 interest of a core part of the economy, America's small
19 businesses.

20 It's a fundamental part of the SEC's mission
21 for businesses of every size and from every sector in
22 the full diversity of our country to have full and fair
23 access to our capital markets.

24 From the Office of the Advocate for Small
25 Business Capital Formation to the agency as a whole, the

1 SEC's work is to help ensure that when we protect
2 investors, when we promote fair, orderly, and efficient
3 markets, we ultimately support the ability of companies
4 of all sizes to raise money.

5 This week's forum will share ideas on the
6 steps we can take to help ensure that small businesses
7 from early startups to small cap companies can grow.
8 When small businesses grow, our economy grows.

9 Now, I understand firsthand what happens when
10 small businesses can grow. I'm the son and grandson of
11 small business owners. My two sets of grandparents,
12 they opened and ran grocery store, and yes, a bar. Both
13 in Baltimore.

14 My dad built a small vending machine business
15 that several--that served hundreds of other small
16 businesses in the process, all the bars and restaurants
17 and diners, and a few dives too around Baltimore.

18 In this sense, my family's business was part
19 of the larger community of small businesses, whose
20 owners were as diverse as the city of Baltimore. Today,
21 the SEC and the Office of the Advocate of Small Business
22 Capital Formation have taken important measures on
23 behalf of small businesses.

24 These measures have improved full and equal
25 access to our capital markets, whether you work at a

1 grocery store or one of the startups innovating today.

2 I'd like to highlight just a few things, and I
3 know it's not enough time to say everything. But first,
4 the Office has developed several resources to make it
5 easier for entrepreneurs to navigate the process to
6 raise capital. One of these is the Office's new capital-
7 raising hub, which offers a wealth of educational
8 resources.

9 Second, the Office's work to make the language
10 around raising capital easier to understand, thanks to
11 their cutting-through-the-jargon glossary. More broadly,
12 the Office has taken strides to represent the interest
13 of all small business investors in SEC policymaking, the
14 rules, the proposals that we put out.

15 Facilitating capital formation is an integral
16 part of the SEC's three-part mission. Facilitating
17 capital formation is bolstered by the other parts. And
18 when you think about it, promoting fair, orderly, and
19 efficient markets along with protecting investors, that
20 runs in supports of facilitating capital formation.

21 Fairness, of course, is about expanding
22 opportunity through widening access to our capital
23 markets. Transparency and competition promote
24 efficiency, to in turn promote lowering of cost of those
25 trying to raise capital.

1 And through investor protection, we enhance
2 the confidence and trust in markets. Finance is
3 basically built on trust for the investors, the ultimate
4 source of capital for entrepreneurs with a good idea.

5 I believe promoting these principles, the SEC
6 advances stronger market conditions for companies of all
7 sizes. It facilitates capital formation, for example, to
8 have more efficient stock and fixed income markets that
9 lower the cost of the middle, the inter-mediation which
10 stands between investors on one side and issuers on the
11 other.

12 It also facilitates capital formation to bring
13 more transparency in competition to private funds, where
14 advisors make take in aggregate several hundred billion
15 dollars in fees a year.

16 And that several hundred billion dollars is
17 between companies on one side, some very large, but some
18 basically startups looking for their first start and go
19 --venture capital, private equity, and like, and the--
20 and the investors on the other side, pension funds,
21 endowments, and the like.

22 So bringing efficiency to that market is also
23 good for the companies on one side, including small
24 businesses like at this forum. In crafting various rule
25 proposals, I've also asked staff to consider how

1 recommendations might affect small lure (phonetic)
2 reporting companies.

3 For example, in our recent climate disclosure
4 proposal, there are aspects that apply only to the
5 largest companies, the accelerated filers, and not to
6 the smaller reporting companies, particularly around
7 greenhouse gas emissions.

8 The proposal recognizes that our roles can
9 impact companies of different sizes in different ways.
10 The costs are there, but a smaller company is just
11 starting out.

12 So we provided certain targeted accommodations
13 for smaller reporting companies, such as exempting those
14 smaller companies from disclosing what's so-called
15 SCOPE-3 (phonetic) emissions. These are the emissions
16 upstream and downstream in the value change.

17 I encourage members of the audience to weigh
18 in on our proposals. Whether it's relative to the
19 private fund advisors, whether it's related to climate
20 disclosures, whether it's even related to something you
21 think which is beyond your current planning about the
22 equity and fixed income markets.

23 Whatever it is about the markets that you have
24 a point of view on, we benefit from comments on every
25 proposal. So please weigh in, let us know what you think

1 works, what doesn't work, particularly with an eye to
2 small business. I look forward to reviewing the comment
3 letters that we receive.

4 Our proposed rules, like the work that Martha
5 and her team do at the Office of Advocate for Small
6 Business Capital Formation, are consistent with this
7 agency's commitment to small businesses. And they
8 reflect the importance of this year's Annual Small
9 Business Forum.

10 I also look forward to recommendations you'll
11 generate from this week's discussion on empowering
12 entrepreneurs, building hometown entrepreneurship,
13 lifting new investor voices, and investigating--or I'm
14 sorry, and navigating the small capital world.

15 Thank you. Back to you, Martha.

16 MS. MILLER: Thank you very much, Chair
17 Gensler, I appreciate your thoughtful opening remarks.
18 And you beat me to giving the omnibus disclaimer for
19 everyone, SEC staff and our participants included, that
20 when each individual is speaking, they're speaking on
21 their own behalf, not necessarily wearing the hat of
22 their organization.

23 This is now my pleasure to welcome Pam Gibbs,
24 the director of our Office of Minority and Women's
25 Inclusion to also share some opening remarks as we kick

1 off the forum.

2 Pam, the floor is yours.

3 MS. GIBBS: Thank you, Martha, so much.

4 When Martha Miller asked me to join in her
5 Small Business Forum to kick off with opening remarks, I
6 was delighted to join.

7 We have worked together over the years, and I
8 have admired her advocacy for small businesses. She is a
9 true advocate for inclusion, making sure that businesses
10 such as yourself not only understand the landscape for
11 raising capital, but also spotlighting and addressing
12 the specific challenges, including bias, that women and
13 minority entrepreneurs may face.

14 There's a lot of symmetry between the role of
15 the Advocate for the Small Business on Capital Formation
16 and my office, the Office of Minority and Women
17 Inclusion. My office is charged with promoting
18 diversity and inclusion in the SEC's workforce, supply
19 chain, and among our regulated entities, of which we
20 regulate nearly 25,000.

21 A little bit more about my office. My office
22 was created as a result of the Dodd-Frank Act of 2010 to
23 promote diversity all--within all of the SEC, both in
24 our operations with the specific purpose of promoting
25 diversity in our workforce, supply chain, and among our

1 regulated entities.

2 And we do that in a number of ways very
3 similar to the Advocate for the Small Business Office,
4 outreach and partnerships, information, and educational
5 sessions. Our mission is to really engage and make sure
6 that we are reaching underrepresented and underserved
7 communities to make sure, as Chair Gensler has said,
8 that we are as inclusive as we possibly can.

9 Each year we report on our efforts to
10 Congress, and our report for this year should be posted
11 to SEC.gov, highlighting our progress.

12 It has been critically important to me that we
13 provide access and opportunity to underrepresented and
14 underserved communities in all aspects of the agency's
15 mission of protecting investors.

16 Because we all want to invest in retirement,
17 we all want to own homes, we all want to plan for a
18 college education. And to presume that only a few are
19 entitled to this and that are investors undercuts our
20 mission at the SEC.

21 I've been at the SEC for nearly a decade and
22 in this space of diversity and inclusion for nearly 30
23 years, and I'm amazed at how far the SEC has come during
24 the past ten years and under the leadership of Chair
25 Gensler and Martha Miller. We continue to make

1 tremendous strides.

2 Ten years ago we presumed all investors were
3 the elite and privileged. We had no strategic plan for
4 including minority- and women-owned businesses in our
5 regulatory or policy process. Little to no effort was
6 done to ensure that we were attracting diverse talent to
7 the SEC.

8 None to no effort was done to engage
9 underserved and underrepresented communities regarding
10 investment opportunities and how to protect themselves
11 against scams. No effort was made to spotlight the
12 issues and challenges surrounding raising capital.

13 Now, with the creation of offices like the
14 Advocate for the Small Business on Capital Formation,
15 the Office of the Investor Advocate, and my office, the
16 Office of Minority and Women Inclusion, the agency
17 addresses strategically access and opportunity goals
18 with capital formation, retail investing, and financial
19 inclusion.

20 For example, almost every office at the SEC
21 now is intimately involved in advancing diversity and
22 inclusion. Whether it is to ensure that underserved
23 communities are aware of investor alerts to avoid scams
24 and Ponzi schemes, to professionals understanding the
25 career paths to entry and advancement in the financial

1 services industry, to providing transparency and tools
2 for entrepreneurs such as yourself to raise capital.

3 The SEC over the past ten years has positioned
4 itself front and center to mitigating bias, and it's
5 taken the steps necessary to address these failures.
6 However, I recognize that challenges still exist. I am
7 frequently asked if I believe that barriers will always
8 exist. Will minorities and women always have to struggle
9 to get a seat at the table?

10 While statements like this are very painful to
11 me to hear, particularly as an advocate, I believe that
12 we are in a transformative period in history. And while
13 the work of my office and the work of the Office of the
14 Advocate for Small Business will always be needed, the
15 work will become more elevated.

16 Today we may focus on entry-level barriers. In
17 the future, we may focus on barriers that require more
18 attention, rulemaking, policymaking, and are those
19 policies and rules being implemented by the SEC
20 equitable to all minorities and women in underserved
21 communities.

22 But I want to encourage you as you participate
23 and encourage you as maneuver in life to be resilient.
24 You as entrepreneurs are the lifeline to our economic
25 ecosystem, and the ability to raise capital is the

1 lifeblood for your business, and we want to help.

2 During the early days of Martha Miller's
3 tenure at the SEC, I often shared with her that so many
4 businesses are left with securing capital through their
5 businesses through loans, credit cards, and family
6 resources. Few of my friends were aware of venture
7 capital or alternative ways for raising capital, mostly
8 because of lack of education or knowledge in this space.

9 But programs like this that provide tools for
10 entrepreneurs to navigate the landscape to raising
11 capital is critical.

12 As time moves forward and we get more
13 entrepreneurs in the industry through venture capital,
14 we will chip away at the high percentage of small
15 businesses that use traditional forms of loans, a
16 whopping 83%, to secure capital. That is my hope, and we
17 are here to help.

18 However, I want to issue a call to action. I
19 know you guys are ready for your panelists, so I want to
20 issue you guys a call to action. I want you to
21 unabashedly advocate for what you need from the SEC to
22 help you raise capital for your business and to be
23 successful.

24 Push us to continue to address in strategic
25 ways what you need us to do to mitigate biases you are

1 confronted with. I want you to pay it forward as much as
2 you can. Be the mentor to other startup--to other
3 startups and entrepreneurs. Help them navigate the
4 landscape of full awareness that barriers may exist.

5 I want you to engage the SEC in the regulatory
6 process. Help shape the future landscape for
7 entrepreneurs. Provide comments to our rulemaking and
8 policymaking initiatives so that they are more inclusive
9 and that they are more inclusive and that they address
10 the challenges that you are confronted with.

11 This is--and this does not mean that you have
12 to hire a lawyer to help in this process. Share your
13 own personal views, relevant, real-life experiences
14 during the comment phase of our rulemaking. It is so--it
15 is so critical to collective success of promoting
16 diversity and inclusion in the industry.

17 We must continue to advocate for more
18 diversity and inclusion, but we more importantly need to
19 move towards finding solutions and implementing policy
20 and rules that are more equitable.

21 And with that, I want to just say that, you
22 know, I think about, and Martha has mentioned this, the
23 last two years have been the hardest for many of us. The
24 pandemic placed on many of us new challenges.

25 But it also created a gateway for new

1 ventures, collaborations, and partnerships to help
2 promote real change to address racial and gender
3 inequities. I urge you participating today and this week
4 to leverage those gateways for paths to success and to
5 seek the SEC out as an ally.

6 Thank you, and I wish you all a productive
7 week and much--a successful future. Thank you, your
8 rock.

9 MS. MILLER: Thank you very much, Pam. And if
10 the message is not clear enough already to you, we are
11 really excited about this event, and not just because it
12 is a chance for us to engage, but because of the
13 critical perspective that you will bring and how much we
14 look forward to your advocacy that can inform the work
15 that we are doing here at the SEC.

16 We are going to kick into the exciting part of
17 the program, but before we do, I want to give you very
18 brief just ground rules to understand how to engage. So
19 throughout the program, I want you to chat in questions
20 that you would like for us to ask the panelists at the
21 end of the discussion.

22 Because we will be bringing in Q&A from the
23 audience, but we need you to start chatting that in now,
24 not at the very end. So please use the chat within the
25 event platform to do so.

1 The second thing is to be ready for voting on
2 the policy recommendations that our participants
3 submitted in advance of the event. That will take place
4 at the end of each day's session following the Q&A. And
5 you will have an opportunity to engage through the event
6 platform to do so.

7 Without further ado, it is my pleasure to kick
8 the panel off and to turn the reins over to Amy
9 Reischauer from our team, who will be working through
10 things with our panelists and leading the discussion.

11 Amy, the floor is yours.

12 MS. REISCHAUER: Thanks, Martha. And on behalf
13 of the rest of the SEC's Small Business Advocacy Team, I
14 am thrilled to add my welcome to all of you to this
15 first day of the 2022 Small Business Forum.

16 Throughout the year our office does a lot of
17 engagement with a wide variety of small businesses and
18 their investors, and I am continually amazed at the
19 varied and powerful stories that folks bring to us.

20 In those stories, one of the most common
21 themes we hear is that, you know, entrepreneurs,
22 investors, and even their lawyers find that the language
23 of capital-raising can be downright impenetrable. It is
24 filled with legalese and alphabet soup of rule
25 citations, and really almost a century of accumulated

1 and evolving regulations and guidance and standards.

2 You know, it's to the point where even the
3 most sophisticated of entrepreneurs and investors and
4 advisors need tools to help them navigate the capital-
5 raising process. And so that seemed like a great place
6 to start off the forum this year.

7 Today we will explore some of the educational
8 and other challenges facing entrepreneurs and investors
9 in the small market--that small business ecosystem. And
10 we will explore some resources that are available to
11 help.

12 So helping me with this discussion today are
13 three wonderful panelists. I'd like to welcome Caroline
14 Cummings of RAIN, the Regional Accelerator and
15 Innovation Network. Next will be Betty Wong of Stage 2
16 Startups. And Armeer --

17 (Interruption to tape.)

18 Introduce them, I would like to invite each of
19 you to tell us a little bit about yourself, your
20 organization, the types of businesses you advise, and
21 just generally how you're helping entrepreneurs navigate
22 capital-raising.

23 Caroline, do you want to start us off?

24 MS. CUMMINGS: Sure, I'd love to. Thank you,
25 Amy, and thank you for inviting me today. It's a--it's

1 an honor and a privilege to be in this conversation.

2 I'm Caroline Cummings, I am the CEO of a
3 nonprofit based in Oregon called RAIN, which stands for
4 Regional Accelerator and Innovation Network. And we've
5 been around since 2015.

6 We get invited into small and rural
7 communities across the state, and recently became
8 global, to help those communities who want to build
9 inclusive entrepreneurial ecosystems and economies. And
10 we'll talk more about what that means later. I'm really
11 glad that the topic of DEI is really embedded in the
12 conversations today.

13 But my background, I've been--I had a very,
14 very eclectic background. But what's relevant to this
15 conversation is I have been the CEO and cofounder of two
16 tech startups. The first company was basically Pinterest
17 for years before Pinterest ever existed, yet our
18 business failed.

19 There was a lot of reasons why it failed. I
20 learned so much from that failure, and I always says
21 success is not the best teacher.

22 I was able, however, to do a second startup,
23 and the team and timing was right for that second
24 startup. And that was in real estate mobile marketing.
25 And was able to sell that after 11 months. It was a

1 tequisition (phonetic).

2 And there was really a big difference in the
3 economy in Oregon at that time between 2007 in my first
4 startup and 2013 in the second startup, and how there
5 really was an ecosystem wrapping around to provide
6 resources to entrepreneurs like myself.

7 But at RAIN, since 2015 we've been invited to
8 serve 30 small and rural communities. And we have the
9 privilege of finding those entrepreneurs and helping
10 them.

11 Everyone on my team, there's almost 20 of us
12 now, we're all entrepreneurs, so we have that street
13 cred when they say, hey, have you ever raised 100,000,
14 or have you ever raised a million. Or have you ever
15 faced barriers to raising capital. Every single person
16 on my team has faced barriers.

17 And so we are--we're privileged to do what we
18 do. I love that I get to lead this incredible team. I
19 know many of them are joining us today.

20 The audience that we serve is mostly
21 underrepresented populations. Eighty-two percent of
22 those we serve are women, youth, people of color,
23 veterans, LGBTQ, and living in rural. Rural is a big
24 piece of the work that we do.

25 So I'm honored to be here today. Thank you

1 for the invitation.

2 MS. REISCHAUER: Thank you. Betty, do you want
3 to take the next introduction?

4 MS. WONG: Sure. Hello, everyone, I'm Betty
5 Wong, and I'm a corporate dropout and the founder also
6 of several entrepreneurial ventures. And I am the
7 founder of Stage 2 Startups, which is an organization
8 focused on helping people with work experience to become
9 founders, especially women, immigrants, and members of
10 the LGBTQ community.

11 I also want to mention that we do help a lot
12 of White men over the age of 40, even those with MBAs,
13 because ageism is a very big issue in the
14 entrepreneurship environment, and not in a good way.

15 We offer workshops on business model building
16 and on the friends-and-family round, we have pane
17 discussions where we feature entrepreneurs who have
18 raised capital. And we bring in angels and VCs,
19 crowdfunding specialists, CBFIs, and banks to discuss
20 the capital-raising process.

21 We also help to identify potential investors
22 and discuss strategy, and mostly we listen. The
23 companies that we interact with include a life science
24 biotech company that has a solution to stop bleeding in
25 the battlefield as well as in hospitals; a learning,

1 mentoring, and matching platform for disabled tech--
2 disadvantaged tech applicants to connect with Fortune
3 500 companies and startups; and a logistics company that
4 will help you send your favorite Swiss Army Knife home
5 when you're stuck at the airport and can't take it on
6 the plane with you.

7 So we help a diverse group of entrepreneurs,
8 and I'm very happy to be here helping them. And you can
9 learn more at stage2startups.org.

10 MS. REISCHAUER: That's great. Armeer, can
11 you tell us a little bit about yourself?

12 MR. KENCHEN: Sure, good afternoon, Armeer
13 Kenchen (phonetic), and I manage the small business--
14 several small business programs here at (inaudible)
15 Center. So the Center is set up to really advocate for
16 folks who live out in the rural counties. There's about
17 80 rural counties in the state, and the rest are urban.

18 We do programming to help them with
19 leadership, with all kinds of things. My area, though,
20 is capital. And we do lots of programs to help with
21 small business access to capital.

22 Our affiliate, Thruet (phonetic) Capital, for
23 example, they do small loans to from anywhere from 500
24 to I think \$100,000 for startups and other
25 entrepreneurs. They also really focus on coaching too.

1 So that's one of the things that I think is really
2 critical. How do you coach a business to get them ready
3 for success.

4 And we also have other programs. We do credit
5 enhancement working with community banks across the
6 state and around the country. And we do probably dozens
7 and dozens of loans all across the state really trying
8 to help small businesses access capital. That's like a
9 real big issue, of course.

10 So our goal is to do that. You know, we found
11 that, you know, most businesses are small, have few
12 employees. I think anywhere from 2 to 50 employees is
13 what they have, you know. I think 95% of all businesses
14 in the state, for example, have fewer than 50 employees.

15 So if we can impact those businesses and those
16 individuals, we think we can make a real impact in the
17 state of North Carolina, which is our goal.

18 MS. REISCHAUER: That's great. I love the
19 stories that you share, and thank you for coming to
20 share those stories. One of the threads that carry
21 through them is the entrepreneurial experience that
22 you've brought.

23 And Caroline, I will start with you. Just we
24 had some interesting conversations about the two tech
25 startups that you did. I'd love to hear a little bit

1 more about maybe some of the challenges that you faced
2 and the lessons learned and you've progressed from, you
3 know, tech one to tech two, to now in your advisory
4 role.

5 What did you bring with you from that
6 experience that helps you now?

7 MS. CUMMINGS: Yeah, absolutely. Well, when I
8 was doing my first tech startup, I had a cofounder, a
9 friend, a female friend. Neither of us had done anything
10 like this before. And at the point in the Oregon
11 ecosystem, as I mentioned earlier, there wasn't really a
12 thriving ecosystem.

13 There was one fund that existed that had a
14 total of \$750,000 to put into startups. We couldn't find
15 any mentor networks. There weren't any accelerators.
16 There were some stuff stuck behind doors of
17 universities, but it wasn't very accessible.

18 And so going out, and as the CEO I was charged
19 with doing the pitches to investors. So I have no
20 problem knocking on doors and making phone calls.
21 However, I was faced with a lot of what I would guess--I
22 guess I would call unconscious bias.

23 So for example, I was pitching to a lot of
24 venture funds up and down the West Coast and including
25 even flying back to New York, and for the most part, the

1 rooms were filled with White males over the age of 50
2 who had a lot of experience and a lot of knowledge.

3 However, they didn't understand how to ask
4 questions to two women in tech. For example, one of the
5 questions we would get, and we were raising two million
6 at the time, one of the questions was, you know, I
7 nailed my pitch and this one guy says, "Where's your
8 tech guy?"

9 And so I love these questions, because I think
10 they're great learning opportunities. So instead of
11 making this man feel embarrassed, what I said, I took it
12 as a learning opportunity. I said, "I am in a privileged
13 spot right now." This is one of those questions that I--
14 yes, I was burning up inside. But instead, I just calmly
15 said, "I'm the tech guy."

16 And now granted I'm not the coder, but I just
17 wanted to make a point. And I said, "What makes you ask
18 that question. I'm just curious why you're asking where
19 our tech guys is." And at that point, I think he
20 realized his questions was inappropriate, and he said,
21 "Oh, I thought I heard you earlier say that you had a
22 male team."

23 Which I did not mention that we had a male
24 team. We were actually trying to raise money so that we
25 could hire coders. So we didn't have coders on the team

1 yet. We were pitching vaporware, right, in screen
2 shots.

3 So that happened a lot. I would get invited to
4 speak to all-male clubs where women weren't even allowed
5 in. And I was given the privilege to enter to do a
6 presentation, and ahead of time I was given all these
7 steps of what to wear and how to speak before I entered
8 the building.

9 And then again, plenty of opportunities
10 because there was always inappropriate questions being
11 asked. And so I took those opportunities to teach. And
12 now--and in my second startup I had two male cofounders.
13 We were well-funded, and we were able to scale that
14 company, as I mentioned earlier, and build the
15 technology and sell that.

16 But now as a woman who's had success and came
17 from very humble beginnings, it's my responsibility to
18 recruit more women and people of color to invest.
19 Because research shows that if you have more women and
20 people of color investing, more women and people of
21 color get funded.

22 So I'm invested in 21 startups right now, most
23 of which are led by women and people of color. We're
24 seeing the needle turn here in Oregon. There's plenty
25 of funds now, and there's even funds focused on

1 investing in more diverse founders.

2 So I'm excited about that failure, I'm excited
3 about those failures that I had because if we don't talk
4 about failure and implement that in every conversation--
5 if there was one thing I would love to see happen in K-
6 12 education is include opportunities, work failure into
7 the system. Don't require everybody gets A's and
8 everybody wins all the time, that's not reality.

9 And I think that would be something that would
10 move the needle in our society when it comes to people
11 feeling more comfortable taking risks to start
12 businesses.

13 MS. REISCHAUER: I love the embracing the
14 failure as an opportunity to be a teaching moment, and a
15 learning moment, I mean for both parties. And we clearly
16 have a lot of work to do to overcome of those
17 unconscious biases and assumptions.

18 You know, whether it's the meritocracy fallacy
19 that Martha mentioned or the, you know, sort of as
20 simple as recognizing that today's guy is, you know, not
21 necessarily a tech guy. So you know, really great points
22 there.

23 I'd actually like to touch on that a bit more.
24 I think each of you here advises entrepreneurs who, you
25 know, defy the stereotype of the, you know, White male

1 in his 20s with easy access to capital, which I'll note
2 is not the norm and not supported by data and despite
3 what the media may tell us otherwise.

4 But Betty, Stage 2 Startups works with
5 experienced businesspeople who, as you mentioned have,
6 you know, advanced degrees, deep experience in
7 technology, very specialized fields. The medical sort of
8 hemorrhage treatment product is a prime example of this.

9 But when these really knowledgeable
10 entrepreneurs come to you, what experience do they have
11 with actual capital-raising?

12 MS. WONG: Well, generally, actually, they
13 have no experience raising capital because it's just not
14 something that is normally covered in any business
15 program. Because the majority of the people that you see
16 working in any business environment have no reason to
17 raise capital.

18 And so even your Fortune 500 CEOs can rarely
19 raise startup capital. They can talk to their investment
20 banker and their CFO and their lawyers and tell them to
21 issue stock, but really they have no experience.

22 So I like to actually reference the business
23 that you just mentioned. And my friend Richard Russo,
24 who is the CEO Endomedix, which is a lifestyle--a life
25 science biotech company.

1 The company actually creates a product that
2 can stop wounds from bleeding. And it's probably could
3 be very useful right now in certain parts of the world.
4 He has an MBA and he's worked in biotech for many, many
5 years.

6 But he did not study raising capital when he
7 was at Columbia. And what he learned, he learned
8 basically through his experience as a CEO for another
9 company and talking with other entrepreneurs.

10 He's just finished raising his Series A round,
11 which you know, basically took a long time. And in
12 biotech, you need a lot of money to get a product to
13 market.

14 Another person that I happen to be helping,
15 Taniya Mishra is founder of My SureStart, a platform to
16 train, mentor, and connect tech talent to companies. She
17 has a PhD in computer science and a specialization in AI
18 and is an immigrant from India.

19 She has no experience raising capital. She is
20 currently raising her C round, which includes a friends-
21 and-family round and hopefully she'll be pitching early
22 stage VCs and angels.

23 These are unicorn-type of companies that can
24 generate a lot of benefit for our society. And yet these
25 people are at a loss in terms of where to raise money.

1 And these are people with businesses that will probably
2 go through a Series E round if they last that long.

3 Now, we don't just focus on unicorn companies.
4 So I have another friend, Richard Casiado (phonetic),
5 who's the founder of Flip It. And he also has an MBA,
6 and when he was in business school, and as well when I
7 was in business school and I was trying to learn about
8 business, we did not have any classes on raising
9 capital.

10 His--Richard, his business is focused on
11 helping you to send your Swiss Army knife or beloved
12 item which cannot be allowed onto your plane to be sent
13 home. And his is a logistics company.

14 There are a lot of people out there with great
15 ideas and they have no idea of how to raise money.
16 Because it's not really in the training of a normal
17 person going to business school, a normal person working
18 in a business environment, unless they're already at the
19 CFO/CEO stage of a Fortune 500 or a company trying to
20 get to that level.

21 MS. REISCHAUER: Those are great illustrations
22 of what we hear a lot and discuss a lot of in the
23 office. You know, when we say, you know, entrepreneurs
24 are in need of educational resources, it's not because
25 they're not knowledgeable or sophisticated.

1 They're just not capital-raising experts or
2 securities lawyers. And you know, nor should they have
3 to be, right. There are enough of us. These are people
4 with the big ideas, and they have their own very
5 critical role to play in the economy.

6 And on that point, I actually would turn to
7 Armeer, because I think that North Carolina rural center
8 is pretty well-positioned to observe that the important
9 role that entrepreneurs and small businesses play in
10 North Carolina's, you know, economic development,
11 economy overall, as you had mentioned a little earlier
12 as you were introducing yourself.

13 Can you tell us a little bit about the impact
14 small businesses play? I know you talked about sort of
15 the percentage of employing companies that they
16 represent, but can you share a little bit more on that
17 and some of the challenges that they may face?

18 MR. KENCHEN: Absolutely. And one of the
19 things that we found is that so all of us, we frequently
20 we use these services all the time. So if they were to
21 go away, it would be a huge blow to our lifestyle, to
22 our tax base. So we've really got to support them in a
23 better way.

24 And we've been able to do all kind of loans to
25 businesses all over the state. And you know, we find

1 that what happens in North Carolina, for example, is
2 they really will allow community banks a lot more than
3 you would think. Because some of the larger banks aren't
4 always in the rural counties.

5 So community banks are a huge partner for us.
6 They provide a lifeline to businesses that wouldn't
7 exist. One thing that we want to see different, though,
8 is sometimes the terms are a lot less than they should
9 be. When you're trying to get a debt, you know, get a
10 loan, you know, two to five years is not enough time.

11 It takes much longer than for your business to
12 thrive, as I'm sure Betty and Caroline could talk about
13 as well. So it's just not a long enough term. And then
14 the payments will be a lot higher also because it's
15 just, you know, it's almost impossible to make that
16 work.

17 So we need to figure out a way to have better
18 terms for them as well, that's a huge challenge. And
19 then also ongoing funding, right. It's one thing, the
20 startup capital is great, and we do lots of startup
21 loans. But how do you continue to fund that business and
22 how does that business continue to go out and get
23 capital to thrive, you know, go to the next level.

24 Like it's one thing to start, but then there's
25 also a next level to get to. And the next level, the

1 next level. So how do you provide kind of access to that
2 capital that they need.

3 Something that we struggle with is getting
4 capital out to women, to minorities, to the rural
5 counties. We do a good job with that or a very good job,
6 I'm proud of it. But we could do better.

7 So we just show the map, and we say where is
8 our capital not showing up, where does our equity not
9 show up. And we'd be--we try to be very intentional
10 about making sure it shows in those spots. We want to
11 fill that map, we don't want to have any gaps in that
12 map.

13 So we got to work harder, we've got to be more
14 intentional about it, and we've got to find a way to
15 make sure capital flows everywhere. Not just to the
16 urban markets, not just to, you know, to White men of a
17 certain age. But there's lots of entrepreneurs all over
18 the state that need our help.

19 So our real goal and priority is to push that
20 capital out to places that we haven't done so in the
21 past, and it's a top priority for us.

22 MS. REISCHAUER: Yeah, that makes a lot of
23 sense. You know, interestingly, I'm looking at Caroline
24 in Oregon, and you know, shifting to the other coast
25 geographically. But from a capital-raising perspective,

1 it sort of feels like the entrepreneurs are very much in
2 the same place, right, where credit is maybe not
3 accessible or not accessible on terms that are working
4 for them.

5 So on that point, Caroline, I'd love for you
6 to share your perspective on some of the work that
7 you're doing with Oregon startups about sort of the
8 funding and resource gaps you see, what you're trying to
9 fill.

10 And for folks that are in those gaps, are--
11 what are the sort of unique challenges and hurdles that
12 they're trying to overcome? It's sort of multiple
13 questions, but maybe take a stab.

14 MS. CUMMINGS: Yeah, no, talking about how to
15 identify barriers for underrepresented populations and
16 fill them is a passion of mine. So with RAIN, we're in a
17 position where we have access to thousands of
18 underrepresented entrepreneurs across the state.

19 And they're in metro areas and they're in
20 urban--or rural areas, right. And so we regularly are
21 surveying our entrepreneurs to find out what their gaps
22 are.

23 And the pandemic really shed a light, not just
24 on the need for growth capital, but the capital gaps
25 when the first and second rounds of the Paycheck

1 Protections Program came down and the idle funding,
2 almost 70% of the entrepreneurs we serve didn't even get
3 access to that capital, right.

4 So now that was basically sort of free money,
5 if you will, and I'll say that with quotes, right. And
6 even with that, these individuals couldn't access the
7 capital.

8 And so there's a lot of reasons why that is,
9 but let's talk about the capital gaps that exists not
10 just in Oregon but across America, where 83% of
11 entrepreneurs, small businesses and startups, just don't
12 qualify for traditional lending or traditional venture
13 financing, right, for different reasons.

14 Maybe they don't have the collateral to get
15 the lending, maybe they don't know how, where to go. Or
16 some of the rural communities, as Armeer was saying
17 there's not even really banks that could accommodate
18 them in the rural communities.

19 And they don't even know anything about angel
20 or venture financing. Or if they do, the doors are
21 slammed. Or, I love the comment earlier about they don't
22 even know where the door is, let alone how to get in,
23 right. And so you just throw all these barriers up.

24 So at RAIN we sought to fill that capital gap.
25 Because we did our surveys and it matched the national

1 data, that 83% who can't get access to traditional
2 lending or venture financing.

3 We pitched a million-dollar project to the
4 U.S. EDA, the Economic Development Administration.
5 Highly competitive grant, and fortunately it was funded.
6 And it was to fill capital--partly it was to fill the
7 capital gap.

8 The other gap was to help with financial
9 literacy, which was one of the big reasons why a lot of
10 those startups and small businesses couldn't get access
11 to that very quick PPP money, because they didn't have
12 the financials to produce or they weren't up to date.

13 So what we did is we are partnering with an
14 organization based in New York called Republic. Thanks
15 to the Jobs Act and the crowdfunding, we are the first
16 organization to build a place-based crowdfunding
17 platform called RAINCAP, for Capital Access Program.

18 And this is to enable Oregon businesses first
19 who are stuck in the middle. We like to say they're
20 stuck in the middle, right. And think about 83% of
21 businesses, if those ideas never make it to market or
22 just because they couldn't get access to capital.

23 And by the way, the capital amounts they need
24 is so small. We're talking 50,000-250,000 is the
25 average. Sure, there's some who need millions and--but

1 for the most part the average is between that, that 50
2 and 250.

3 And so that's what we're doing with Republic
4 in this platform. The RAINCAP platform is allowing
5 Oregonians to invest in Oregonians. And actually anyone
6 in America would be able to. Disclaimer, I'm not saying
7 that you should invest in any of these companies, this
8 is educational. I am on the SEC panel.

9 And so I think if more of us could not only
10 rally together to identify barriers--we--many of us know
11 what the barriers are. But take swift and bold action to
12 go after filling these gaps.

13 And don't do it alone. No one organization,
14 this is bigger than any one individual, any one
15 organization. We all have to rally together. And I think
16 that that was one of the beautiful things the pandemic
17 showed us, is how much we can rally together to support
18 each other.

19 So we're excited to be launching this platform
20 so that we can help those startups who are stuck in the
21 middle get access to that, you know, beginning amounts
22 of funding so that they can actually start, grow, and
23 create jobs in their own small backyards.

24 MS. REISCHAUER: That's really great. And we,
25 you know, we've--I love that idea of kind of investing

1 in your own backyard and that sort of hometown pride
2 investment, if you will. And something we'll be doing a
3 deeper dive on our panel tomorrow. I think it's a really
4 important topic.

5 You know, we hear a lot of folks who are
6 consciously looking to invest outside of the traditional
7 coastal hubs. And you know, whether that's rural,
8 whatever rural means, or it just means it's urban but on
9 Silicon Valley, or maybe it's suburban. Whatever that
10 filling in all of the holes of the map.

11 You know, whether you're looking within North
12 Carolina, or you know, across the country itself. So
13 there's a lot of work that can be done there to make
14 sure, again, whether they're stuck-in-the-middle type
15 companies or finding their funding. And investors are
16 finding those investments opportunities.

17 So but thinking about that rural/urban divide
18 and how access to capital changes so much depending on
19 where you are. North Carolina is in I think an
20 interesting position in that it kind of offers a little
21 bit of everything, right. Because it's made a name for
22 itself from a business perspective with Research
23 Triangle and Charlotte's banking hub.

24 So you do kind of have this hotbed of economic
25 activity. And yet, you know, separated by maybe only a

1 few miles, I imagine you've got some rural communities
2 that are having a very different experience than their
3 urban counterparts.

4 So I would love to hear, Armeer, what--sort of
5 how you would compare the experience of, you know,
6 building a business in the rural community versus in a
7 neighboring kind of urban area.

8 And also what we can do to empower those
9 entrepreneurs, how--you know, they made need different
10 tools and different resources. So I'd love to hear what
11 you're seeing.

12 MR. KENCHEN: Yeah, they are special
13 challenges in the rural areas, which is why we exist. I
14 mean, I've lived and worked in both, and it's much
15 easier in the urban areas. Not that it's easy, but it's
16 easier in the urban areas.

17 In the rural counties you have isolation,
18 which is a huge problem because, you know, you--
19 businesses need that network of support. That's one of
20 the key things that they need is support from other
21 entrepreneurs, and there's less of that.

22 We talked about how there's going to be fewer
23 bank options in those rural counties as well. There's
24 less capital flowing because of that as well. You just
25 don't have the same kind of money that you have flowing.

1 We have great resources. That's one thing
2 about our state, we have a great infrastructure in
3 place, we have a great ecosystem. We have small business
4 centers all over the place. We have small business
5 technology development centers, SBTDCs, that do a really
6 great job.

7 So how do we connect those dots, how do we
8 connect those resources? I think Caroline made a great
9 point earlier. You know, we can't be on an island by
10 ourselves, we've got to find a way to have strategic
11 partners and be comprehensive in what we do and get that
12 message out.

13 Because we can't solve it by ourselves, no one
14 can. But if we all work together and collaborate in a
15 way that makes sense, we can be more impactful.

16 There's CFFIs that are out there doing
17 lending, there's community banks, there's loan funds.
18 There's great support all over the place. So it's going
19 to take--it's going to take all of us together and
20 working through that ecosystem that works.

21 It's still not perfect, but at least it's
22 there. And we're trying to be very intentional about
23 how to make it better. So we're looking at ourselves,
24 you know, in the mirror, what do we need to work on.
25 What's working and what's not working.

1 And like I think it was Betty who said, when
2 you--when it's not working, go find a way to solve the
3 problem. Don't just say, you know, we got a problem and
4 be focused on that, but how do you find a solution for
5 it.

6 So it takes all of us to do it, and that's the
7 key. That's why this conference is so important that you
8 guys are having as well this week, because we got to
9 connect all the dots and be strategic in how we provide
10 impact. It's the only answer, I think.

11 MS. REISCHAUER: Yeah. Well, and I'm looking
12 forward to a productive week of learning from panelists
13 like yourselves and from audience members tuning in
14 today and throughout the rest of the week how we can
15 help do that and what we can do to provide the resources
16 to, you know, empower these small businesses.

17 And you know, it's interesting to hear how,
18 you know, different groups are going to need--it sounds
19 like different groups are going to need different
20 resources. We need to kind of tailor our approach. We
21 need to reach everybody, but those are very different
22 communities in need of very different tools.

23 So which makes me think, Betty, you know, you
24 work with a number of different groups, and you're
25 working with, you know, again, very sophisticated, very

1 experienced business people learning a new language,
2 right.

3 And so what kinds of resources are you finding
4 that are working? I mean, we've got this very diverse
5 group, whether it's demographic, geographic, or
6 otherwise, you know, in different industries, different
7 business concepts, different products.

8 But the common theme is that we want to, you
9 know, empower them with the educational and other tools
10 that they need. What are you finding that's working,
11 whether it's working kind of across the board or working
12 with particular communities? Give us some hope. What can
13 we do?

14 MS. WONG: There actually is a fair amount of
15 resources all over the country. But there's no central
16 place where you can find all the resources. So it's
17 always a challenge because you can do a Google search
18 and it can be very overwhelming to try to figure out
19 what really applies to your company.

20 We actually started a list of different types
21 of resources for the, if you will, older entrepreneur at
22 Stage 2 Startups. But many of the resources we listed
23 actually now have services that apply to all
24 entrepreneurs.

25 I think Gus and Angelis (phonetic) can give

1 you some information and potential angels and VCs. SCORE
2 (phonetic), there's SCORE all over the country, can
3 provide basic information about how to put your business
4 contacts (phonetic) to work, put your financial
5 statements that are necessary, as Caroline mentioned,
6 get that ready for that opportunity as like, that, you
7 know, was available.

8 Another organization happens to be in New York
9 is the Queens Economic Development Corporation. They
10 help provide a lot of resources and mentoring to
11 entrepreneurs.

12 In New York, the New York Women in Business
13 organization provides an accelerator. And they also
14 developed a pitch competition. So women can actually
15 practice pitching their business to each other, because
16 there's a lot of practice that goes into preparing
17 yourself to actually ask for money.

18 And I know because I've done it, you know, you
19 do it hundreds or thousands of times. The 37 Angels
20 website has a great list of women-focused VCs and angel
21 groups, accelerator, and support groups for women
22 entrepreneurs.

23 Also, for the LGBTQ community, startout.org
24 has a great program, an accelerator, and support groups
25 for founders.

1 And I should say, you know, we, even if you've
2 older, even if you're from the rural community, you can
3 actually still apply to Tech Stars and ERA and many of
4 the accelerators all over the country. You might not
5 always get in, but you know, you really have to try.

6 You know, every entrepreneur knows they leave
7 no stone unturned if there's a possibility of raising
8 money. And so what I wish that I had when I was raising
9 capital is really a support group, a peer group to ask
10 questions of.

11 So you know, what Caroline was talking about,
12 going to RAIN or going to Armeer. There are other
13 organizations through the country that are focusing on
14 the economic development, are really focusing on DEI
15 now. And so there's an opportunity to reach out to your
16 local organization.

17 Also, I would love to see better training so
18 that you know the vocabulary to use, right, when you're
19 talking the language. And what that means to have a
20 shareholder's agreement, what it means to do a Series A.
21 All of these terms that people do not on a normal basis
22 actually use.

23 And then if there was a way, the SEC, I'm
24 challenging the SEC to go figure out how to put--to
25 identify potential investors in different industries.

1 That would make life a lot more easier for your regular
2 founder.

3 Because that founder, that CEO, as Caroline
4 mentioned, it's their full-time job to actually run a
5 company. And other people say it's also their full-time
6 job to go raise money. So it's a double challenge. And I
7 think we've all been there.

8 And you know, it can really suck up so much of
9 your time. So that's where my challenge is to the SEC.
10 Help us put these resources together.

11 MS. REISCHAUER: Well, thank you. And I, you
12 know, I, as we were talking about preparing this panel,
13 I did invite you all to put some thought into what we at
14 the SEC can do to build resources. So thank you for
15 taking that to heart. I'm hoping somebody took a nice,
16 long list so that I can revisit that later and we can
17 see what we can do.

18 But speaking of a wish list, I want to give an
19 opportunity, Caroline, or Armeer, are there--are there
20 things you wish we--you had as you were coming up?
21 Things you wish you had now? Things you wish we could
22 build for you?

23 Maybe Caroline take the first stab, and then
24 Armeer.

25 MS. CUMMINGS: I would love to. I first

1 appreciate even being asked the question, so thank you
2 for that.

3 I think, and this is partly one of the big
4 value points that RAIN offers is when we get invited
5 into a community, we know there are entrepreneurs there,
6 even though people will say, oh, those no tech
7 entrepreneurs in rural, or it's all small. Everything is
8 there, right.

9 And so we have a position called a venture
10 catalyst. Not a capitalist, a catalyst. And so when we
11 get invited into a community, we hire a local
12 entrepreneur who lives in that region, we train them on
13 our toolkit on how to find entrepreneurs and connect
14 them to people, programs, physical assets, and capital.

15 And then we will often also an entrepreneur in
16 community, someone who gets paid a stipend to work with
17 that venture catalyst. And they really create the
18 culture of entrepreneurship and activate these
19 communities.

20 Because one of the resources is each other,
21 right. I think, Armeer, you were the one that talked
22 about like the need for the cohort and the isolation
23 that happens in rural.

24 So we create opportunities for intentional
25 collisions where these individuals can meet each other,

1 oh, I didn't even know you lived down the street from
2 me. Or the mayor is there and says these people live in
3 my town? I didn't even know, and it's a town of only a
4 few thousand people.

5 So I think the biggest resources is
6 entrepreneurs who maybe even are two days ahead of you.
7 It doesn't matter, we can all help each other and
8 advance each other and create this culture of
9 possibilities. Because once that is there, that is where
10 big magic happens. And so I love that about the model
11 that we have.

12 Other resources, all of the programs we offer
13 to entrepreneurs are free to those we serve thanks to
14 the funders, the city, the county, the federal
15 government, private foundations. So thank you to all of
16 those who allow us to make these resources free.

17 There's also our YouTube channel, which is
18 [youtube.com/RAINcatalysts](https://www.youtube.com/RAINcatalysts). And all of our previous
19 accelerators, whether it's Rainmaker, which focuses on
20 digital sales and marketing, or Moneymaker focused
21 financial literacy, or our RAINCAP program, they're all
22 free on that channel.

23 And of course I am aware of a lot of the
24 resources that Betty mentioned.

25 And then I also want to mention we are a

1 member of the Start Us Up Coalition, I don't know if
2 others are, that was developed by the Kaufman
3 Foundation. And it's just hundreds of entrepreneur
4 support organizations like ours on the call today, where
5 we gather and we compare best practices.

6 We talk about policies that's--what are
7 working to reduce barriers, what isn't working. And
8 then oftentimes we'll say, I need someone who is biotech
9 who launched a company xyz, or a consumer product
10 company who's trying to get access to this market, and
11 we rally and help each other.

12 So lots of opportunity to share resources.
13 However, and I think, Betty, you said there's a lot of
14 stones to unturn, right. Like as an entrepreneur you
15 have overturn every stone. However, a lot of our
16 entrepreneurs don't know where the stones are.

17 So when we create--this catalyst, this venture
18 catalyst, who has overturned stones, helps hold the hand
19 of those entrepreneurs, connect them to mentors, connect
20 them to accelerators, connect them to various forms of
21 capital.

22 Because, again, starting a business is not
23 easy. If it was, everybody would do it. It's not easy.
24 It can be a lonely business. And it's not fair. If
25 those folks are going to take the risk, we should rally

1 around them and do whatever we can to help them get
2 their products and services to market.

3 MS. REISCHAUER: It's a great call to action.
4 Armeer, I'll give you the opportunity if there was
5 anything you wanted to add to what we should be building
6 here.

7 MR. KENCHEN: Yeah, I mean, I think there's one
8 thing. And just, it's something that you and Martha
9 already talked about, Amy, is that, you know, we don't
10 have all the answers. And I don't think there's a one-
11 size-fits-all approach.

12 So we've got to find a way to talk to each
13 other and find out what's missing. My colleague Brandy
14 Bynam Dawson (phonetic) put together a small business
15 task force, and we had dozens and dozens of folks from
16 all over the state just talk to us about what they're
17 experiencing.

18 And we learned. I mean, so we've got to learn
19 what we don't know and find out a way to get better. So
20 we don't have all the answers, no one will. But to
21 Caroline's point, you know, we've got to take action,
22 we've got to do it.

23 And it helps us better when we can listen and
24 know what the challenges are, put a plan together, and
25 then move forward with some real strategy in place.

1 That's the key for us is listening, learning, and trying
2 to move forward in a really comprehensive way with all
3 of our partners.

4 MS. REISCHAUER: That's great. I mean, I think
5 some really great ideas shared here. I love the idea
6 that we, you know, we all kind of have to listen and
7 collaborate, you know, and partner on this adventure
8 that we're trying to, you know, trying to build.

9 And you know, I really appreciate the feedback
10 that you've all brought and the ideas, both from the
11 panelists, but also, again, inviting those of you tuned
12 in today to please let us know what we can do.

13 Let us know what resources you would like to
14 see made available, whether it's the SEC who's going to
15 listen, or it's our panelists who are going to listen
16 and say hey, that's a great idea. I heard about that,
17 let's see if we can build it.

18 So we love feedback. And in fact, it's thanks
19 to feedback from folks like yourselves tuned in today
20 that have inspired a number of the educational resources
21 that the Commission has produced over the last year.

22 So while I have you, I'll take just a, maybe a
23 couple of minutes. I'm pretty sure my colleagues have
24 dropped some links in the chat. You can also find them
25 as you scroll around on the platform where some of our

1 resources are.

2 But I will just take a minute to show my
3 screen and walk you through where you can find them on
4 the website. I've gone to SEC.gov, which is the SEC's
5 home page. Across this beautiful blue ribbon on the
6 top, you'll see education.

7 If you click on education, you can find our
8 education page on there. You'll find capital-raising.
9 This is where we have our suite of capital-raising
10 resources. We call this our capital-raising hub.

11 Last year we launched our navigator tool, the
12 first item you see here. This is kind of an interactive,
13 choose-your-own adventure tool where we ask a series of
14 questions trying to help the user determine if their,
15 one, if their business is ready to raise capital from
16 investors.

17 Because not every business is, and there's a
18 number of steps, as we've all talked about today, that
19 businesses can take to get themselves ready. And then if
20 you are ready, it will spell out some of the pathways,
21 the regulatory pathways you might be able to rely on to
22 access that capital.

23 In addition to the navigator, we have our
24 capital trends maps. These are interactive maps for the
25 data geeks among us like myself, where we've shared kind

1 of where and how companies are raising capital over the
2 last--we have a couple or periods here.

3 This one is--you'll see crowdfunding, so you
4 can look over and see in Oregon it looks like we've got
5 five there. North Carolina I think is a similar count.
6 So you can--you can see how many and how much under
7 various exemptions.

8 Similarly, we show Reg A data, Reg D, those
9 are private placements, and even registered offerings
10 across the country. So just an interesting way to
11 visualize what's happening in the capital-raising
12 sphere.

13 We've talked a lot about language and terms
14 and trying to break down the jargon of capital-raising,
15 because I think that's such a critical first step, just
16 understanding the words we're using.

17 So we've created our cutting-through-the-
18 jargon glossary, which is just kind of a, there it is, a
19 glossary of kind of very commonly used terms. We've
20 tried to break them into some plain language and then
21 add resources if folks want to take kind of a deeper
22 dive into some of those concepts.

23 Backing up to our capital-raising hub, the
24 last tool I was just going to highlight for you are
25 building blocks. This, again, an idea that came from

1 folks that attended events where we were presenting.

2 These are kind of one-pager overviews of some
3 fundamentals of capital-raising. We're excited because
4 we just expanded this suite last week. We've launched
5 six new ones. So you'll see there's a variety of topics
6 covered, for example, you know, what do I need to know,
7 how do I get myself ready to raise capital.

8 And we have an acronym, CAPITAL, that kind of
9 walks you through a lot of things we've talked about
10 today. Getting your financial statements ready, finding
11 good advisors, understanding your, you know, your
12 investor strategy.

13 Similarly, what different securities might a
14 startup off. What's the difference between angel
15 investors, friends and family, venture capital.

16 So just really some of those basic concepts
17 that will, you know, can empower an entrepreneur to at
18 least know what questions to ask when they do in fact go
19 onto, you know, talking to lawyers or accountants or
20 advisors. Just to give them a little bit of a
21 familiarity with the framework that they're going to be
22 working within.

23 So those are our tools. I welcome folks,
24 explore away at your own time. But, and again, always
25 happy to hear what we can do to improve on them. We love

1 getting your thoughts.

2 And speaking of getting your thoughts, believe
3 we've got some questions from the audience. So Martha
4 has joined us. I'm going to pass the mic to her to see
5 what inquiring minds want to know about.

6 MS. MILLER: Wonderful. Thank you very much,
7 Amy, and thank you for demoing those tools. For those
8 that have not had a change to check them out, for some
9 of them, they're the first time that there's an
10 accessible resource that is available that's not written
11 by lawyers for lawyers.

12 It is written by those who are experts at the
13 rules but intended to meet those who are experts at
14 building great companies, not necessarily experts at the
15 capital-raising rules. Those are two very different
16 pools of people.

17 And we need to make sure that it easier to
18 speak the language of capital-raising, as I think each
19 of our wonderful speakers have highlighted today, that
20 sometimes that lingo, I think Betty, you said it best,
21 the lingo is just not the lingo of those who have maybe
22 been in the business world for a long time but just
23 never really been a part of the capital-raising world.

24 So, Amy, thank you for leading the panel
25 through a great discussion. I want to highlight a couple

1 of questions that we have gotten from the audience.

2 I'll start with one that we received from a
3 couple of different audience members who were asking
4 questions about whether it is venture capital or other
5 sources of sophisticated capital, how do you actually go
6 about connecting with those individuals and finding it.

7 Before I turn it over to our panelists, I do
8 want to give a plug for those who are asking that
9 question. Please make sure that you tune in to the
10 subsequent days of our forum. We will actually have
11 investors from those communities talking firsthand about
12 their experience.

13 But would love to ask our panelists what
14 suggestions do you have for founders who are looking for
15 sources of funding?

16 MS. CUMMINGS: Sure, I'll jump in. You know,
17 having been in this position myself, as well as having
18 helped hundreds of other entrepreneurs get access to
19 capital, there's a couple things to consider.

20 One, you want to make sure that you're
21 pitching your deal at the right time. Granted, we're
22 going to talk in a minute about how to find them.
23 Because in my first startup, for example, I went out
24 there way too early asking for money.

25 And then when the time came when I was really

1 ready to raise capital, they--I was told my deal was
2 stale, right. Like, oh, we've heard you so many times
3 and there hasn't been enough traction and progress. So
4 the timing on when you ask.

5 How you find these funds. First before you
6 even try and find the fund, what we do and what I think
7 is really important is first of all, do you know how
8 much money you really need.

9 Because I bet you my colleagues on this panel
10 could tell you that nine out of ten entrepreneurs who
11 come in and say I need a million or I need a hundred
12 thousand, whatever it is, it's always wrong. It's
13 usually way under what they really need. Or they're
14 afraid to break it up into tranches, right. Like let's
15 raise a little bit now and more later.

16 So before you even start to think about where
17 do I find these venture funds, let's make sure that your
18 financials are squared away, that you really, truly
19 understand how much money you need, that your marketing
20 plan matches.

21 I mean, I, in a former role with a software
22 company, I would be a judge for business plan
23 competitions for Harvard and Yale and Notre Dame and big
24 schools, and even looking at those business plans, the
25 financials were a mess.

1 They would--they were trying to start a tech--
2 or a software company, and they said they were going to
3 put eight percent of their revenue towards marketing.
4 It's like, no, no, no, that should be like 30 or 40%,
5 right.

6 And so I think there's a bunch of things that
7 you need to make sure that you're doing before you even
8 know what kind of funding you want to go for. And then,
9 believe me, if you're in Oregon, we will help you get
10 connected to the right sources of capital.

11 But every entrepreneur says they need money
12 and marketing, money and marketing. But really what you
13 need is a mentor first, there's another M. Start with a
14 mentor, make sure that you have everything squared away,
15 all the i's dotted and the t's crossed, and that you can
16 fully stand behind your ask. And then go out and find
17 who you need to get connected to.

18 Don't do it alone. There's plenty of
19 resources, you just heard about a bunch of them today.

20 And the last thing that I'll say on this
21 point, and this is something that happened for me but I
22 also see happening for others, when you ask for money,
23 you get advice. When you ask for advice, you get money.

24 So find some friendly investors to say I'm not
25 asking you for money, I just want to pitch my pitch to

1 you and I want your feedback. I want you to be honest,
2 tell me what doesn't make sense. What part did I focus
3 on too much, what did I leave out. And just go out on an
4 advice dog-and-pony show before you actually go out
5 asking for money.

6 MS. MILLER: Fantastic (phonetic) advice.
7 Because in my experience, many times you don't get a
8 second chance to be in the room. And this actually is a
9 great plug for one of the resources that we just
10 launched, which is before you raise, be ready with your
11 CAPITAL.

12 And CAPITAL is our lovely, catchy acronym for
13 a number of different things that you need to line up.
14 Not just your cap table, but the amount of capital you
15 need. What is your runway and all of the things that you
16 need to have ready before you step in the room and
17 actually start talking to investors about pitching your
18 company.

19 So do go check that out, the links to that
20 will be in the chat. I also want to take this as a
21 chance to answer another question that we received from
22 participants. It's looks like Todd (phonetic) asked a
23 question about BIPOC capital-raising and what trends
24 we're seeing.

25 We are very interested in the trends on

1 capital-raising for those who are often underrepresented
2 in the capital-raising ecosystem.

3 And so I'll give a plug for our annual report
4 to Congress where we actually lay out here is what we
5 are seeing across the board, whether we are looking at
6 minority-owned businesses or their investors, or we are
7 looking at women-owned businesses and their investors,
8 rural communities, national disaster area communities.

9 We have a wealth of resources, so I would
10 encourage you to check that out if that's an area of
11 interest for you, we have lots of materials that will
12 keep you very busy looking at it.

13 Next question from the audience, I want to ask
14 a question, Armeer, of you that we received from Carlos
15 about the impact that a lack of capital can have on a
16 local ecosystem or gaps in unemployment or higher
17 education and how a strong capital ecosystem can help
18 the community or the founders locate it.

19 What are your thoughts about this? Because I
20 know that that is something that can be really
21 challenging when there isn't a local capital ecosystem,
22 particularly in rural communities.

23 MR. KENCHEN: That's a great question. I mean,
24 you find that when you have a thriving capital market,
25 you've got jobs. I mean, that's what you want, right,

1 jobs. If there's no job, and--no businesses, no jobs.
2 And people can't, you know, they--what can you do with
3 no job.

4 So the school systems suffers. One thing that
5 people want to do in, especially in the rural counties,
6 they want their younger folks to actually stay in the
7 county, not to leave to go for a better job somewhere
8 else.

9 So you've got, you know, capital flowing
10 through these counties, you got jobs being developed
11 there. You got--people can stay and they can just plant
12 where they are and not have to leave all the time.

13 So it's a great question because you can see
14 that often. You see, you know, the higher poverty rates,
15 there's a less education, all those things are factors
16 of not having enough capital in that county or that
17 community that leads to job growth.

18 So that's why job growth's so important,
19 trying to nurture these businesses so they can have
20 more--they can have more success and have more people.
21 Because you want to have a thriving community, and
22 that's often what's missing. So that's a direct
23 connection there between lack of capital and lack of
24 other opportunities as well.

25 Such as broadband for example. One thing we

1 have is, you know, you have a place where you have lots
2 of businesses, the broadband's got to be better because
3 they need to be able to survive.

4 So there's a real connection between capital
5 and just having a overall better quality of life in the
6 entire county, or the entire community, absolutely.

7 MS. MILLER: Excellent. Well, I know that
8 we're getting close to time, and our participants who are
9 here are excited to have an opportunity to vote on
10 policy recommendations after this.

11 But what I would love to do with our wonderful
12 panelists is end with a lightning round question. And I
13 want to end on an empowering note.

14 So to each of our speakers, would love to hear
15 something from you about whether it is a piece of advice
16 to underrepresented entrepreneurs like those that you
17 work with, or an element of why you find the work that
18 you are doing so rewarding. Would love for that to be
19 what we end on before we switch over to voting on our
20 recommendations.

21 And if it works, I'll go in the order that you
22 are on my screen. Caroline, can you kick us off, and
23 then we'll go Betty and Armeer.

24 MS. CUMMINGS: I would love to, thank you.
25 This has been so fun.

1 So I think when you think about an
2 entrepreneur, you know, I was interviewed before, asked
3 what is the definition of an entrepreneur. Well, many
4 things, but one of them is where you learn to become
5 comfortable being uncomfortable most of the time.

6 So my piece of advice would be to anyone out
7 there to allow yourself to be a little uncomfortable,
8 right.

9 Whether you're the entrepreneur, you're the
10 support organization, you're a person in the community,
11 whatever. My advice is to surround yourself with people
12 who think differently than you and welcome their
13 opinions.

14 Know that it's going to be uncomfortable
15 likely, and that's where you're going to advance. And
16 that's the only thing that's helped me in my life
17 personally and where I--all the many, many, many women,
18 youth, people of color that I love mentoring is working
19 with them on exercising that muscle to become
20 uncomfortable.

21 And so that's my ask to everyone today is just
22 let yourself be a little uncomfortable, surround
23 yourself, with people who think differently. Listen, I
24 think Armeer talked about listening earlier, how
25 important that is.

1 And then don't get defensive, you know, keep
2 the conversation going and default to yes wherever
3 possible. That's what I have to share.

4 MS. MILLER: Fantastic advice. Betty. Oh, I
5 think we might have you muted.

6 MS. WONG: Okay, I love what Caroline said, and
7 I want to add to it in terms of surrounding yourself
8 with people who are different. Don't underestimate all
9 of the people in your circle.

10 So what I have found is when you're raising
11 capital, you might get money from your family, you might
12 get money from your friends. You might get money from
13 your business contacts. And you might get referrals from
14 all of those people.

15 So I know when I talk to a lot of people, I
16 often get, well, this person knows nothing or this
17 person is not an angel and this person is not a VC, so I
18 don't want to talk to that person.

19 And so if anyone shows any interest in your
20 business, give them the respect to show your interest in
21 what they want to hear and what they want to know back.
22 Because they may actually know somebody who can really
23 help you with your business.

24 And I know from personal experience, I was
25 negotiating a contract, and the person who was actually

1 hired to negotiate, if you will, the close of deal for
2 the other side, actually said to me afterwards he would
3 love to invest in our business because he really
4 believed in where my company was going.

5 So you can never underestimate your
6 environment, your contacts, your peers. So I suggest you
7 have a really open mind, as Caroline said, and explore
8 all your options.

9 MS. MILLER: Fantastic, Betty. Armeer.

10 MR. KENCHEN: Yeah, I would say don't give up.
11 Imagine where Caroline would be if she'd given up that
12 first time. You know, she's celebrating her failure,
13 right. She failed, she failed better, she kept getting--
14 she got it right. So that's what I think you've got to
15 do.

16 It's hard to run a business, it's hard to
17 start a business, but you can't give up. You've got to
18 learn as you go. Learn from that failure. And you can
19 celebrate failure the same way Caroline had, and then
20 you have some success.

21 So, but I think it's important to just not
22 give up. The resources are there, find the resources,
23 find the people, and just don't give up.

24 MS. MILLER: Completely agree, and I think
25 that's fantastic advice. And it comes back to the call

1 to action that I had for each of our participants to be
2 willing to rethink, to pause, to hear feedback from
3 people and the perspective of people who might think
4 about things differently than you do.

5 Because that's where you're going to really
6 grow, and that's what we really need to advance capital-
7 raising policy to work well for all entrepreneurs and
8 investors alike.

9 So thank you very much to our wonderful
10 panelists. You have been fantastic today, and I have
11 thoroughly enjoyed the conversation. And thank you, Amy,
12 for the wonderful moderation that you did earlier.

13 Before I pass things over to Julie Zelman
14 Davis from our team to close out today's programming, I
15 wanted to give a little background on the policy
16 recommendations that you're going to be asked to vote on
17 within the event platform shortly.

18 You will see there consolidated
19 recommendations that have been submitted by participants
20 like yourself in advance of the forum.

21 And what we ask you to do is to take a look at
22 those and to vote on them to give them weight on what
23 you think would be likely to have the most positive
24 impact on the entire capital-raising ecosystem, thinking
25 about it from both the entrepreneur and the investor's

1 perspective.

2 The key piece of the forum, this is not just a
3 conference where you passively sit and listen. The point
4 of the forum is for us to actually engage and for you to
5 have an opportunity for your voice to be heard, and this
6 is the way to do so.

7 You'll find that after the forum, we will take
8 the recommendations that have been prioritized by
9 participants like yourselves. They will be packaged into
10 a beautiful report and delivered to Congress.

11 And the Commission and Congress together will
12 take those recommendations and use them as a jumping off
13 point for crafting the policy that they plan to work on
14 going forward.

15 CLOSING REMARKS

16 So without further ado, I want to say thank
17 you for joining us today. I'll turn it over to Julie to
18 wrap things up, and I encourage you to scroll down and
19 to vote and make sure that your voice is heard. And I
20 look forward to seeing you tomorrow.

21 MS. ZELMAN DAVIS: Hi, I'm Julie Zelman Davis
22 from the SEC's Small Business Advocacy Team. I want to
23 thank you for spending time with us today.

24 It's been great to discuss the tools and
25 resources available and those still needed to empower

1 entrepreneurs who are navigating the complexities of
2 capital-raising.

3 I especially want to thank our panelists and
4 sharing their valuable perspectives.

5 Join us tomorrow at one p.m. Eastern for a
6 discussion about hometown entrepreneurship can thrive
7 outside of traditional capital-raising hubs.

8 We now invite you to review the policy
9 recommendations that you all have submitted and vote to
10 prioritize the recommendations that are most important
11 to you. You'll find them just below me on the event
12 platform.

13 Thank you for being part of the forum.

14 (Whereupon, at 2:30 p.m. the meeting was
15 concluded.)

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I, Emily Dennis, hereby certify that the foregoing transcript consisting of 73 pages is a complete, true and accurate transcription of all matters contained on the recorded proceedings of the conference indicated, held on 4/04/22 in the 41st Annual Small Business Forum.

Emily Dennis
Transcriber
4/20/2022