

Proposal: 1723 (AF94) Reg BB - Community Reinvestment Act

Description:

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Comment ID: 137887

From: RockCoast Capital, LLC, Jaime A. Guzman-Fournier

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Subject: R-1723 Community Reinvestment Act

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Comments:

NONCONFIDENTIAL // EXTERNAL

I am a former Head of the Small Business Investment Company (SBIC) Program at the SBA in Washington, DC (2003-2007). I now have an SBIC Investments and Advisory practice for private institutional investors in SBIC, mainly bank investors.

I wanted to provide fairly brief and specific comments on SBIC, especially as the SBA program is currently viewed by CRA and bank regulators/examiners.

In my view, the current way SBIC is being evaluated by bank regulators should not change (and I am significantly exposed to these evaluations through our bank clients). If anything, these bank regulator evaluations should be made more consistent by better utilizing and coordinating information amongst regulatory agencies including all the more recent pronouncements made by the OCC (in particular) and Interagency Q&As related to CRA considerations for SBIC investments.

The SBIC Program (mainly the Debenture Program these days) currently meets its legislative and regulatory purposes. It has generally been a highly successful and economically impactful program of the Federal government. When I was head of the SBIC Program at SBA, many developed and developing countries from around the world visited the Agency with the main purpose of learning more about the internal operations and workings of SBIC. Some countries have even copied versions of the SBIC Program in their own countries. But as with any government program, the SBIC Program has areas where it can be even more impactful, especially in the rapidly evolving U.S. economy of today. A key area of opportunity for the SBIC Program is to drive more investments into smaller businesses (by a specific definition) with a particular emphasis on minority-owned and women-owned smaller businesses. For the last several years, the US House of Representatives Committee on Small Business has led an effort to draft SBIC legislation that would bring much needed change to this area of the SBIC Program. I would encourage the CRA Reform process to focus on new SBIC program(s) that would better align the CRA impact needs of SBIC with the ultimate goal of more economic development in underserved geographies and within the fastest growing demographic groups of the U.S.

My strong recommendation from a CRA Reform standpoint is to leave the larger SBIC Program (again, mainly the Debenture program) untouched in terms of the way it is currently being evaluated by bank regulators and focus the CRA Reform efforts as it pertains to SBIC at encouraging the establishment of new and permanent SBIC program(s) that can be targeted towards the areas of future economic growth and opportunity in our country.

As an ethnic minority entrepreneur myself, I am always available and glad to participate in the deeper and more technical thought process necessary to position SBIC in a better course within the CRA Reform process.

Thank you.

Jaime Guzman-Fournier (2/16/2021, San Diego, CA)

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