



January 6, 2009

The Honorable Olympia Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
U.S. Senate
Washington, DC 20510

Dear Ranking Member Snowe,

On behalf of over 500,000 women business owners we represent, we are writing to urge you to consider including a \$50 billion equity fund administered by the SBA for small and midsize business mergers into the stimulus package.

Due to the tightening of credit by banks, small businesses do not have adequate access to growth capital. Yet for small businesses, the only growth strategy in segments where the economy has been hit the hardest, such as in the retail and housing markets, is to acquire other firms in their industry segment. The statistics are grim. According to The Wall Street Journal, 25.8% large retailers nationwide are at significant risk of filing for bankruptcy or facing financial distress in 2009 or 2010. Small suppliers to the auto industry, the retail, and housing industry have been especially hit hard. Small companies that are dependent on these significant markets have no other growth options with the exception of acquiring additional firms and capabilities.

WIPP believes that providing capital to small firms who want to expand in their sector and are in a position to make acquisitions will save jobs and will fuel new small business growth. Instead of small businesses simply going out of business, we believe the government should encourage other small companies to acquire their assets for growth. SBA is already a lender and has an infrastructure in place to administer such a fund. Although the SBA does not directly invest in small companies at the current time, there is a great need for an infusion of capital into a program which encourages investment. Since the banks are not providing it, the proper role of government is to step in and encourage small businesses to grow by acquiring more market share.

Another source of funding for small businesses is angel investment. WIPP supported legislation in the 110th Congress to provide a substantial tax break to angel investors who invest in small businesses. We believe that a tax incentive to angel investors will also open growth capital to small businesses. According to the University of New Hampshire Center for Venture Research, 3.3 jobs per angel investment are created. This investment

spurred 200,000 new jobs in the U.S. in 2007. We urge you to take a serious look at including such a tax incentive into the stimulus package.

We know the Congress is already well into its drafting of the stimulus package but we believe that this proposal is worthy of consideration. If Congress will take this step, we believe that small businesses would take this opportunity to buy and grow.

Thank you for your consideration of this request. If you have any questions, please feel free to contact the head of our government relations team, Ann Sullivan at 202-626-8528 Ann_Sullivan@verizon.net.

Sincerely,

A handwritten signature in black ink that reads "Barbara Kasoff". The signature is written in a cursive, flowing style.

Barbara Kasoff
President