



THE MAIN STREET CO-INVESTMENT RECOVERY FUND

CROWDFUND
CAPITAL
ADVISORS



Sherwood Neiss - October 2020



What is the feeling on Main Street?

- A tale of two streets
- From fear to despair



([CBSNewYork](#)) — Seven months into the COVID-19 pandemic, and Wall Street is doing well. The Dow Jones Industrial Average closed at 28,514.76 on Wednesday afternoon, over 3,000 points above where it found itself at the end of February, the last full month before COVID took hold of the economy. The Dow would drop to a 2020 low of 18,591.93 less than a month later. But a steady upward trend has lifted it almost 10,000 points since.

The economy hasn't rebounded to that degree. It remains far below its pre-COVID level. Even with the modest growth promoted by the CARES Act, which has since leveled off, the threat of a [double-dip recession](#) looms large.

What has Washington done well?

- Congress and the Fed
- Congress \$3T
- Fed \$3T+



Business • Analysis

The U.S. has thrown more than \$6 trillion at the coronavirus crisis. That number could grow.

Between Congress and the Federal Reserve, the government has committed record levels to try to stop an economic calamity — with just limited success.



A woman visits an empty Vietnam Veterans Memorial on April 14 in Washington. (Drew Angerer/Getty Images)

What Happened

Failure of Bureaucracy

- Limitations in
 - Main Street Lending Facility
 - PPP
 - EDIL
- Net result - Over \$500 billion is still sitting at the Fed



What Needs to Change?

“Think outside the box”

- Congressional hearing
- “Think outside the box”
- Create the Main Street Recovery Co-investment Fund
 - \$20B
 - PPP
 - Investors/Government \$
 - Matching Funds
 - Up to \$250,000/business



AMERICAN BANKER

Powell grilled by Congress over how Fed is helping Main Street

September 23, 2020, 1:19 p.m. EDT 2 Min Read



Federal Reserve Chairman Jerome Powell faced questions from U.S. lawmakers Wednesday over the central bank's help for Americans compared with markets.

“Our actions were in no way an attempt to relieve pain on Wall Street,” Powell said in a hearing before the House Select Subcommittee on the Coronavirus Crisis.

The Fed chief said that with its Main Street Lending Program, the central bank has “done basically all of the things that we can think of.”

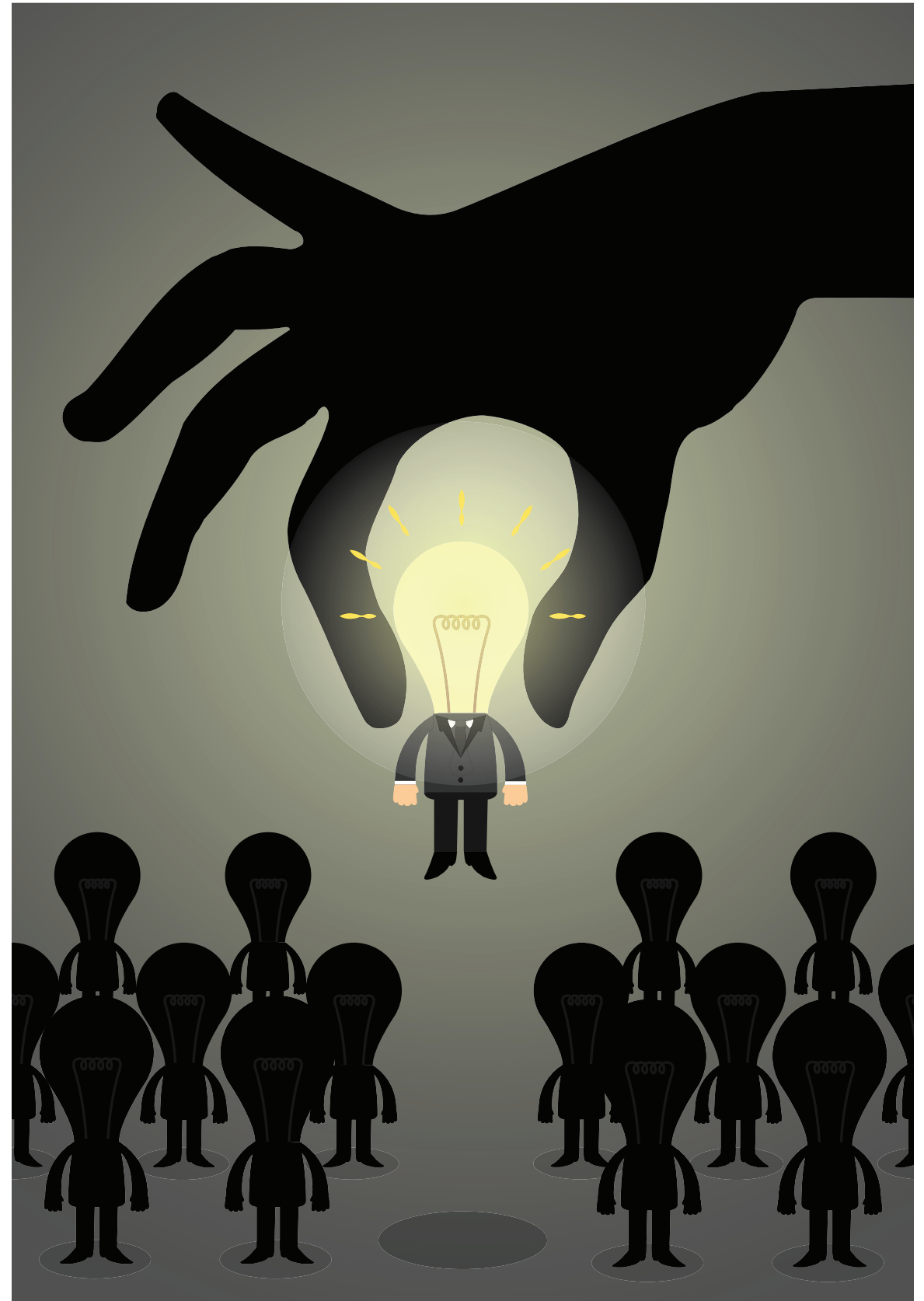
“We’re looking to do more,” he added but said the central bank isn’t planning to make other big changes to the Main Street facility.



What are the benefits?

Immediate & Tangible

- Immediate
- Follows the crowd
- Takes the government out of the position of having to vet thousands of companies and pick winners
- Provides ROI to both investors and the government
 - Debt/Revenue Share
 - Government paid back after investors are made whole



How Soon?

Turnkey Program

- Turnkey solution
- No regulation needed
 - No fraud
- Technology platforms exist/ready to scale
- Investors standing by
- Money just needs to be allocated
- Data for real-time insight



Where is it working?

The United Kingdom

- Future Fund
- Successful
- Refunded 3x by the British Government
- COVID relief

TECH

UK expands its coronavirus start-up rescue package to include firms based abroad

The U.K. government has expanded its rescue package for start-ups impacted by the [coronavirus pandemic](#) to include businesses whose parent companies are based abroad.

The so-called Future Fund was created by the U.K. Treasury [in April](#) to provide a lifeline to unprofitable tech firms unable to gain access to other relief financing schemes. Though the government had set aside [billions of pounds](#) in emergency loans for firms hit by the crisis, start-ups said this did not apply to them as they had to prove a history of consistent profits. Many venture capital-backed start-ups operate at a loss in order to accelerate growth.

But tech industry leaders have been calling for Prime Minister Boris Johnson's administration to relax eligibility criteria for the Future Fund so that firms participating in accelerator programs like Y Combinator can apply. Such initiatives require start-ups to have parent companies located outside of the U.K. in order to enroll.

What Needs to be done?

Not much

- Allocate the money
- Require online investment platforms register for access to funds
- Distribute funds when criteria is met
- Data feed is already connected to Bloomberg



What are the guideposts?

Transparency & Accountability

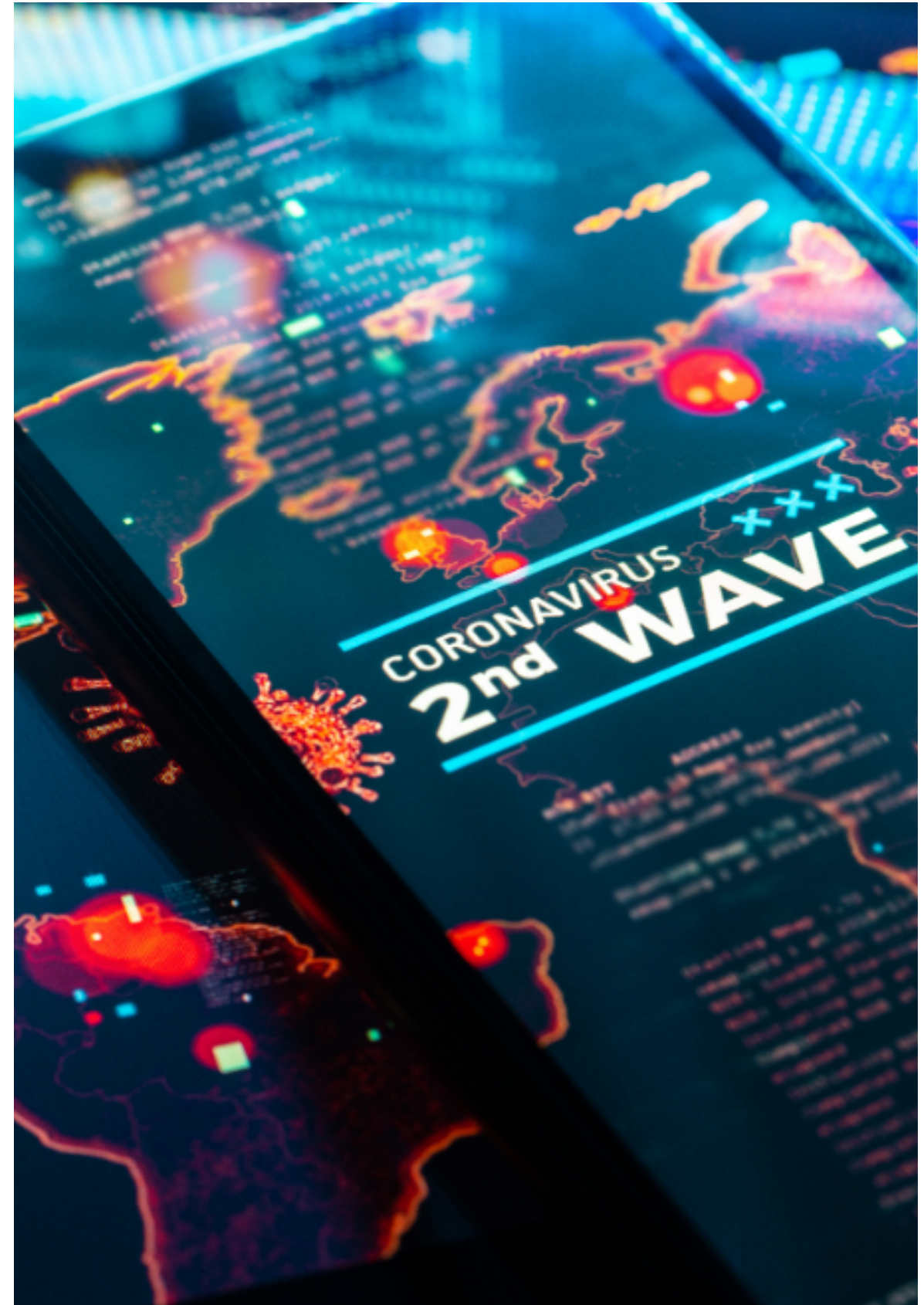
- SEC oversight
- Fed Controls the money
- OIPs are regulated
- “Investomers” - Stakeholders
 - Close relationship as customers
 - Closer relationship to owners/entrepreneurs
- Data accountability



Do We Need This?

Yes!

- COVID is increasing
 - More cases
 - More social distancing
 - Less group/outdoor activity
 - People staying home
 - Further strain on Main Street businesses
- General feeling
 - Will not survive second wave
 - Millions of small businesses close shop
 - Unemployment increases
 - Housing market will collapse
 - renters can pay rent
 - mortgage holders will default
 - Local economies will be decimated



Why should the government do this?

- The money is there
- It isn't being used
- It was meant to get into the hands of Main Street businesses



For more information:

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- Reach out to your members of Congress
- Email the Small Business and Entrepreneurship Council



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