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Anti-Small Business Bill Backed By Venture Capitalist Lobby Moves Through House In Record Time

ASBL press release

Petaluma, Calif. - A bill that would give some of the nation's wealthiest investors billions of dollars in federal small business contracts is set to move through the House of Representatives in record time. Last week, Nydia M. Velázquez (D - NY) the Chair of the House Committee on Small Business, introduced H.R. 5819, the SBIR/STTR Reauthorization Act.

The bill went into mark-up and passed through the House Committee on Small Business on Thursday, April 17th. According to the Weekly Leader, H.R. 5819 could be debated on the floor of the House as early as Wednesday of this week. This is the second time in less than a year that Rep. Velázquez has proposed legislation that could devastate federal programs designed to assist small businesses.

Since becoming the Chair of the House Committee on Small Business, Velázquez has established a record of talking about preventing the diversion of federal small business contracts to large corporations, but

not acting on it. During her tenure she has failed to introduce legislation to address the problem. Last week, Velázquez shocked and disappointed small business owners across the country when she began pushing legislation that would allow some of the nation's wealthiest venture capital firms to compete for federal small business contracts.

“The American Small Business League and its members worked for months to help the democrats take over Congress. At the time we thought democrats were going to bring positive change for small businesses,” President of the American Small Business League, Lloyd Chapman said. “Our members and small businesses around the country are just stunned that Congresswoman Velázquez and her committee would pass legislation that will be so detrimental to small businesses. No matter what she says, the bottom line is that this bill is going to allow billionaires to take contracts away from legitimate small businesses in every state. We are going to do every-

thing we can to let the Speaker of the House Pelosi know that Velázquez is no friend to small business. I want to see someone chairing the House Small Business Committee who is more concerned about promoting the interests of small businesses than in helping billionaire venture capitalists masquerade as small businesses.”

In September of 2007, the House passed H.R. 3567, which contains a similar provision to H.R. 5819. However, the bill failed to pass through the Senate when it received opposition from the ASBL, U.S. Small Business Administration, the White House, National Small Business Association and the U.S Chamber of Commerce.

The ASBL (www.asbl.com) encourages concerned citizens and small business owners to contact their congressional representatives and ask them to oppose changing the definition of a small business in the Small Business Act. Small businesses should remain “independently owned” and operated. --

Small Business Administration Stalls Release of PR Executives E-mails

ASBL press release

Petaluma, Calif. - The Small Business Administration (SBA) is delaying the release of SBA Press Office Director, Mike Stamler's inbound and outbound e-mails from 2006 and 2007. The American Small Business League (ASBL) requested the information under the Freedom of Information Act (FOIA).

The ASBL requested Stamler's e-mails after it discovered that Stamler had sent a number of aggressive and threatening e-mails to journalists and publications which ran stories on

ASBL's efforts. Specifically, the ASBL's effort to expose the diversion of federal small business contracts to Fortune 1000 firms. The ASBL has also received information from journalists that Stamler has made a number of libelous statements about the ASBL and its President, Lloyd Chapman.

The ASBL believes the SBA's decision to stall the release of Stamler's e-mails is an attempt to allow SBA attorneys more time to review Stamler's communications and scrub them of any damaging information. The ASBL believes that Stamler's emails will indicate that the SBA has made a

significant effort to pressure journalists into dropping stories on the diversion of federal small business contracts to major corporations.

"Mike Stamler has been browbeating, threatening and bullying journalists to drop this story for years," President of the ASBL, Lloyd Chapman said. "Our goal is to simply uncover the facts and expose the SBA's campaign to discredit the ASBL and to mislead Congress, the public and the media on this issue. SBA Administrator Steven Preston is obviously stalling the release of Stamler's e-mails so they can remove all the damaging information."

"Mr. Stamler wants to impugn my credibility with the media, but he knows that I have won every federal lawsuit I have filed against the Department of Defense (DOD), NASA (<http://www.asbl.com/showmedia.php?id=223>) and the SBA. He also knows that information I provided prompted the first General Accounting Office (GAO) investigation (<http://www.gao.gov/new.items/d03704t.pdf>) and the first Congressional hearing into the diversion of government small business contracts to Fortune 1000 firms. He knows I provided information to the SBA that resulted in the removal of 600 large businesses (http://www.washingtontechnology.com/print/17_22/20094-1.html) from the SBA's small business database. He also knows I worked with the SBA's Office of Inspector General and provided information that led to one firm

What Can You Do?

We Strongly urge you to contact your Senators and tell them to oppose changing the definition of a small business in H.R. 5819.

-For the Senate Contact Portal, Click Here

Sample Comment:

Dear Senator _____,

I would like to express my concern regarding H.R. 5819, the SBIR/STTR Reauthorization Act, and its potential to impact small businesses across the United States. I oppose amending the definition of a small business as "independently owned" in the Small Business Act (15 U.S.C. 10 638(e)) to include firms owned up to 49.9 percent by a single venture capital firm or up to nearly 100 percent if owned by multiple venture capital firms, so long as no single firm owns more than 49.9 percent. Additionally, I oppose allowing large venture capital firms (meaning more than 500 employees) to own up to 20 percent of a small business and still maintain small business status. By amending the definition of a small business to include venture capital firms, this legislation could create a slippery slope upon which other small business programs could experience profound negative effects.

I strongly urge you to take action against Title II of H.R. 5819 and preserve the definition of a small business in the Small Business Act as "independently owned" and operated.

Thank You,
Your Name

Bush Small Business Rhetoric a Stark Contrast to Administration Policies

ASBL press release

Petaluma, Calif. - On Tuesday, President George W. Bush issued Proclamation 8241, which stated, "Small businesses are the backbone of the American economy, and my Administration is committed to fostering an environment in which the entrepreneurial spirit can thrive." However, an examination of the Bush Administration's policies from the last seven years reveals a patchwork of anti-small business policies that have been instituted to the detriment of small businesses across the nation.

Since 2002, a series of federal investigations and private studies have all found that the Bush Administration has diverted billions of dollars in federal small business contracts to some of the largest corporations in

the United States, such as: Lockheed Martin, Boeing, L-3 Communications, Titan Industries, BAE and Raytheon. The story has been covered by virtually every major newspaper in the country (<http://www.asbl.com/showmedia.php?id=138>) and by ABC, CBS and CNN.

The Bush Administration responded by issuing a press release and claiming that it was a myth that large businesses received federal small business contracts.

(http://www.sba.gov/idc/groups/public/documents/sba_homepage/news_07-30.pdf)

In Report 5-15, the U.S. Small Business Administration Office of Inspector General stated, "One of the most important challenges facing the Small Business Administration (SBA) and the en-

Recent News

The Following stories have been hand picked based on their relevance to the ASBL mission.

Velázquez Champions VC Firms at Small Business Expense

By Keith Girard, Allbusiness.com
April 24, 2008

Democrats Attempt to Amend Small Business Act

By Abby Prince, Smallbusinessnewz.com
April 24, 2008

Small firms Rap SBA for Thinking Big

By Ambrose Clancy, Long Island Business News
April 25, 2008

tire Federal Government today is that large businesses are receiving small business procurement awards and agencies are receiving credit for these awards."

(<http://www.sba.gov/ig/05-15.pdf>)

- Shortly after taking office, President Bush removed the Administrator of the U.S. Small Business Administration from the President's Cabinet, and began to cut the SBA's

budget and staffing.

Today, the SBA's budget and staffing are approximately one half of what they were when the Bush Administration took office. In a private conversation, one SBA official acknowledged that the agency's budget and staffing has been cut to the point that it can no longer carry out its mission.

(<http://www.inc.com/news/articles/200511/sba>

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American
small
business
League

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Become a member of the
ASBL today by joining at:

WWW.ASBL.COM

SBA Stalls

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being recommended for debarment and a second firm paying a \$1 million fine for misrepresenting themselves as a small business,” Chapman stated.

(http://www.govexec.com/story_page.cfm?articleid=33735&ref=relink)

In one example, Stamler sent an e-mail to the Long Island Business Journal that was so aggressive and profane that it prompted LIBJ Staff Writer, Ambrose Clancy to write a piece on the paper's blog entitled, “Expletives the SBA's forte?”

(<http://libizblog.wordpress.com/2008/02/22/expletives-the-sbas-forte/>)

In other cases, Stamler has threatened to remove publications that ran stories on the SBA's role in the diversion of federal small business contracts to large businesses from the SBA's media list.

Stamler has reportedly made hostile and aggressive calls to journalists, editors and publishers that were preparing to publish stories on the issue and tried to bully or pressure them into dropping the stories.

The ASBL is preparing to file suit against the SBA in the event that all of Stamler's 2006 and 2007 e-mails are not released promptly.

Don't Take Our Word For It, Comments on H.R. 5819

The ASBL has received comments from several of the 43 Representatives that decided to put small businesses ahead of special interests and campaign contributions and vote NO on H.R. 5819. Here is what they had to say...

“In my opinion, combining three key elements of H.R. 5819...sets up a stage where VC-owned “small” firms will gobble up most of the money in the SBIR program. Then, there would be a dramatic drop-off in the number of truly very small and independently-owned companies in the SBIR program,” **Congressman Don Manzullo (R-IL), former Chair of the House Committee on Small Business said.**

“Small businesses are the backbone of the American economy...I voted against the bill because I was concerned that the bill would hurt small businesses by making fewer grants available to entrepreneurs. Also, the bill diverts grant money from small businesses and hands that money off to wealthy venture capitalists,” **Congressman Bill Sali (R-ID) stated.**

“While the SBIR has proven to be one of the most successful federal programs for technological innovation in U.S. history, the reauthorization bill unfortunately contained changes to the ownership rule that would result in fewer awards being granted to bona-fide small businesses that have been the focus of the SBIR program since its inception,” **Congressman Ed Markey (D-MA) said.**

“I opposed this bill because it allows well-funded venture capital firms greater access to federal funds intended to help small businesses. The truly small business community will be at a significant disadvantage if they are forced to compete with interests backed by well-heeled venture capital firms,” **Congresswoman Sue Myrick (R-NC) stated.**

“Subsidizing venture capital firms was never the intent of the SBIR program...We should be directly investing in small business in New Hampshire and around the country with these funds not re-directing them to larger investment companies,” **Congressman Paul Hodes**

(D-NH) said.

“I voted against H.R. 5819 because it increases small business grants at the expense of NIH, NSF, and NASA research grants. I support small business grants, but not at the expense of cutting funding for medical and scientific research,” **Congressman John Culberson (R-TX) stated**

“This bill severely jeopardizes the integrity of small business innovation and that is the reason I voted against it,” **Congressman John Linder (R-GA) said.**

“I opposed H.R. 5819 because the bill unnecessarily waters down the definition of a small business in a manner that would have a negative effect on real small businesses,” **Congresswoman Virginia Foxx (R-NC) stated.**

“HR 5819 takes money away from the American people to give to federal bureaucrats so they can pick and choose what small businesses are worthy of receiving capital,” **Congressman Ron Paul (R-TX) said.**

Opposition

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“This legislation squanders a unique opportunity to provide stimulus to our country's small business community... Title II of H.R. 5819 would relax the venture capital investment standards for SBIR grant eligibility, allowing venture capital firms and venture capital subsidiaries of large businesses to increase their ownership in and financial stake of small businesses applying for these grants. For decades, small business has been the spark that lights our economy and the energy that fuels it. Let us not undermine their contributions to our economy by weakening the very programs that drive their success,” **Congressman Dennis Kucinich (D-OH) stated.**

The American Small Business League would like to applaud and thank all the Representatives who voted against H.R. 5819 for their support of small businesses.

American
small
business
League

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Rhetoric

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budget.html)

- Since 2000, the Bush Administration has refused to implement P.L. 106-554 to establish a 5 percent set-aside for women owned firms.

(<http://www.reuters.com/article/pressRelease/idUS161911+04-Feb-2008+PRN20080204>)

- In 2006, the Bush Administration was responsible for the closing of the SBA office specially designed to assist veteran owned small businesses in obtaining federal small business contracts. (<http://www.targetgov.com/Content.asp?id=2313>)

- The Bush Administration has consistently refused to release the names of the actual recipients of federal small business contracts. (<http://www.federaltimes.com/index.php?S=3359565>)

- In December of 2006, in the midst of a third investigative story by CBS into the actual recipients of small business contracts, Bush officials removed information from the government's Central Contractor Registration (CCR) database that

would indicate whether a firm was small business or a large business.

(<http://www.asbl.com/howmedia.php?id=537>)

- On June 30, 2007, Bush officials adopted a policy that will allow Fortune 500 corporations to receive federal small business contracts through 2012.

(<http://www.asbl.com/howmedia.php?id=577>)

-The Bush Administration tried to misrepresent the actual recipients of federal small business contracts.

(<http://www.asbl.com/howmedia.php?id=594>)

- Regarding the diversion of federal small business contracts to large corporations during the Bush Administration, Larry Makinson, a senior fellow at the Center for Public Integrity stated, “A lot of the money that you would think is going to truly small businesses isn't.”

(<http://www.asbl.com/howmedia.php?id=38>)

- David Drabkin, a senior procurement officer for the General Services Administration stated, “The numbers are inflated, we just don't know the extent.” (<http://www.asbl.com/s>

[howmedia.php?id=403](http://www.asbl.com/howmedia.php?id=403)) - SBA Spokeswoman, Sue Hensley stated, “This transition has led to the apparent diversion of contract dollars intended for small business.”

(<http://www.asbl.com/howmedia.php?id=403>)

The American Small Business League has won three federal lawsuits against the Bush Administration and forced the release of information that proved Fortune 500 corporations were the actual recipients of billions of dollars in federal small business contracts. The ASBL is currently suing the SBA to force the release of the actual recipients of federal small business contracts for 2006 and 2007. The ASBL projects that by the time President Bush leaves office more than \$800 billion in federal small business contracts will have been diverted to large corporations.

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