



*Mad Monkfish is a sushi and Asian fusion restaurant located in a moderate-income census tract in Middlesex County, MA. The borrower self-reported to the Small Business Administration ("SBA") that this SBA 7(a) loan supported the creation and/or retention of 10 jobs. Above, a chef.*

## SBA Loan Profile: Mad Monkfish, Middlesex, Massachusetts

**W**hen portfolio managers at Solomon Hess Capital Management ("Solomon Hess") invest in CRA-eligible loans on behalf of bank investors, they try to find loans that not only meet the technical requirements of the CRA program but also the spirit under which CRA was created. An example of the types of loans that Solomon Hess acquires is the loan to Mad Monkfish.

Mad Monkfish is a casual restaurant that features live jazz located in Central Square in Boston, MA. Established in early 2011, the restaurant serves sushi and Asian fusion dishes. The sushi is *(continued on page 3)*

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## CRA Modernization Update: Is Regulator Consensus Attainable?

**R**ecent events have sparked hope that the regulators responsible for overseeing the Community Reinvestment Act ("CRA") can reach consensus on key components of CRA reform and that an inter-agency proposal could be in progress.

In March, both the Federal Deposit Insurance Corp ("FDIC") Chairman Jelena McWilliams and Federal Reserve ("FED") Governor Lael Brainard gave separate speeches and shared initial thoughts on how their agencies are thinking about reforming CRA. This marked the first time these agencies have commented on specific CRA reform issues since the Office of the Comptroller of the Currency ("OCC") took the unusual step in August of last year to work independently in issuing an Advance Notice of Proposed Rulemaking ("ANPR") to gather public comment about modernizing the CRA. In response to the two speeches, OCC spokesperson Bryan Hubbard said, "Comptroller of the Currency Joseph Otting looks forward to

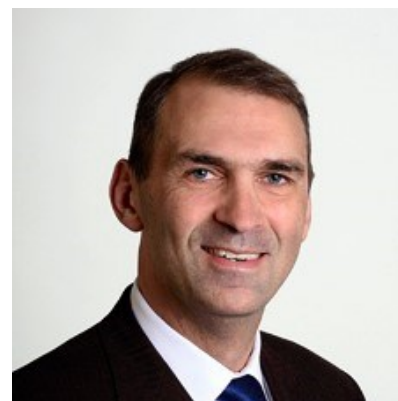
discussing all the ideas with fellow regulators as we work together towards proposing improvements to the current CRA framework."

CRA stakeholders monitoring regulator comments are optimistic that consistent themes seem to be emerging and that consensus on key components of CRA reform may be possible. "There's a real opportunity for momentum here. What we are hearing from agencies is not inconsistent with one another, which gives us a path towards a proposal," said Steve Sugarman, senior adviser and chief counsel at the National Diversity Coalition.

Some of the consistent themes in regulator comments include the need to assess the role of digital banking in CRA, the importance of clarifying for banks what activities qualify for CRA credit, and the imperative of ensuring that CRA investments go to the communities most in need of credit. All three regulators have reviewed the over *(continued on page 2)*

## In Memoriam: Anthony J. "Gino" Heilizer

**A**nthony J "Gino" Heilizer, co-founder of Solomon Hess Capital Management, died from complications of lung cancer on April 19 at his home, surrounded by those who loved him. Gino founded Solomon Hess with Bill Einstein 15 years ago with a mission to provide investors with access to investments in small business loans made in conjunction with the SBA 7(a) program, where the borrower is located in an economically distressed community or employs low- or moderate-income persons. Today Solomon Hess has over \$700 million assets *(continued on page 2)*



*Above, Gino Heilizer (1968 - 2019)*

**In Memoriam** (from page 1) under management in two funds with over 160 investors. "The success of Solomon Hess is a true testament to Gino's intellect, creative thinking and determination. To have worked with Gino was a true privilege," said Bill Einstein. "Gino was a special person: a remarkable businessman, a caring husband and father, a generous citizen of the community and a true friend."



*The firm was named in honor of Gino's grandfather, Solomon Hess, who owned a small garment factory in Berlin. The factory was confiscated by the Nazis immediately after Kristallnacht in 1938. Mr. Hess fled to Holland where he and his daughter (Gino's mother) spent the war years in hiding. Mr. Hess immigrated to the United States in 1947. Above, Solomon Hess with his employees.*

Gino was a native of Chicago, IL and a graduate of Northwestern University. He earned an MBA from Georgetown University's McDonough School of Business in 1999. Prior to the founding of Solomon Hess, Gino was a Vice President of New Business Development with Meridian Investments.

Gino enjoyed life and relished it with an energy all his own. He had a true curiosity and was generous in sharing himself with others, which was reflected in the many connections he made with so many different people. Out of all the connections in his life, however, Gino's greatest love was for his wife Christina and their three children. ■

**CRA Modernization** (from page 1) 1,500 comments to the ANPR and acknowledge the call for the agencies to work jointly on CRA reform going forward.

While agreement on broad themes and the intent to work jointly are reasons for optimism, it is still uncertain as to whether the regulators can find common ground in the details. The exact nature of any disagreement between the agencies has always been unclear and the issues of CRA reform are complex. Constituents have raised concerns that if the regulators do not act in tandem, the CRA framework, already fraught with inconsistencies and confusion, will be even more complicated and less effective.

Still, the regulators are signaling that an interagency plan may be possible as early as the beginning of next year. On April 3, speaking separately at a conference of the Consumer Bankers Association, FDIC Chairman McWilliams and Comptroller of the Currency Otting each expressed confidence that bank regulators could agree on a CRA modernization plan by 2020. Without knowing any specifics of such a plan, it may be enough of a win for CRA if the regulators do, in fact, act in unison. ■

## SBA Update: Jovita Carranza Tapped to Lead the Small Business Administration

On April 4, President Donald Trump identified Jovita Carranza, the U.S. Treasurer, as the next head of the Small Business Administration. This followed Linda McMahon's announcement on March 29 that she was stepping down from her position as Small Business Administrator to return to the private sector. Ms. McMahon's resignation went into effect on April 12.



*"I am pleased to announce that Jovita Carranza will be nominated as the new Administrator at the @SBAgov," President Trump tweeted. "Jovita was a great Treasurer of the U.S.! I look forward to her joining my cabinet!" Left, Jovita Carranza.*

In her role at the Treasury Department, Ms. Carranza is an adviser to Treasury Secretary Steve Mnuchin, oversees the Office of Consumer Policy and works with the Federal Reserve. She previously held the deputy administrator position at the SBA during former President George W. Bush's time in office.

Ms. Carranza also spent over 20 years at United Parcel Service, where she rose from being a box handler during the night shift to the president of Latin American and Caribbean operations.

Ms. Carranza's nomination must now be approved by the Senate. If confirmed, she will be one of five women in President Trump's cabinet. ■

## SBA Loan Fund 2018 Impact Report



**The Solomon Hess SBA Loan Fund 2018 Impact Report is now available for download at [www.SolomonHess.com](http://www.SolomonHess.com).** This report highlights the quantifiable impact that the fund has made in low- and moderate-income and otherwise economically distressed communities nationwide. Since inception in 2004, the fund has invested over \$1.86 billion in over 3,700 small business loans that supported over 52,000 jobs. ■



## SBA Loan Profile: Deering Banjo Company, San Diego, California



*Proceeds of the SBA 7(a) loan were used to finance the working capital needs of the Deering Banjo Company. The borrower is located in a moderate-income and CDFI Fund Qualified Investment census tract.*

*The borrower supports over 50 jobs and is a woman co-owned business.*

*Left, a banjo player.*

**F**ounded in 1975 by couple Greg and Janet Deering, the company specializes in manufacturing hand-crafted banjos of the highest quality and in all price ranges. The business is family-owned and operated and located in Spring Valley, just 10 miles east of downtown San Diego. The company offers a full-range of American-made banjos that are hand-built by Greg Deering and their team of 48 dedicated banjo specialists. Over the past 48 years, the company has made more than 100,000 banjos.

Greg Deering began learning woodworking at age two by watching his father build model airplanes. When Greg was 13, he bought his first banjo by investing his paper route earnings. He made his first banjo as an industrial arts major at San Diego State College. When he was 19, Greg began building banjos

and doing instrument repairs at the American Dream Co-Op. In 1975, Greg and his wife Janet founded the Deering Banjo Company in their home.

Today, the Deering Banjo Company is located in an 18,000 square foot facility and is one of the largest manufacturers of banjos in the world.

The Deerings have admitted that finding success was not always easy and that some recessions were difficult to get through. "There were times when we didn't know where the rent or the groceries were coming from," Greg Deering has said. "But somehow we always managed."

When asked what advice she would give to women in business, CEO Janet Deering said, "Don't give up when you are discouraged. Just keep going!" ■

**Mad Monkfish** (from page 1) creatively-named and with a music theme, such as "C Jam Blues," "Sophisticated Lady" and "Mood Indigo." Live jazz is offered on most weekend nights in the restaurant's Jazz Baroness Room and the space was designed with such performances in mind. At the front of the jazz room, overlooking Massachusetts Avenue, is a spacious stage where a grand piano resides on one end. The interior features reclaimed old-growth oak, old barn board and plush leather chairs, fostering a home-like ambiance.

Owner Jamme Chantler and his musical director Scott Goulding work hard to curate jazz that can be enjoyed by everyone, focusing on singers and lyrical pianists with their trios.

*Chantler is invested in women's equality and is committed to furthering the role that jazz can play in the larger struggle for gender justice. According to Chantler, 75% of the jazz bands playing at the Mad Monkfish are led by women. Daniela Schachter, Rebecca Cline, April Hall, Donna Byrne and Eula Lawrence all have monthly residences at the restaurant.*

Proceeds of the SBA 7(a) loan were used to purchase equipment. The borrower is located in a moderate-income and CDFI Fund Qualified Investment census tract. This loan supported the creation and/or retention of 10 jobs. ■

### *Did you know?* Loans

*made to a recently formed small business that promotes economic development qualify for CRA under community development. The most recent set of CRA Q&A published in July 2016 expanded the list of activities to promote economic development if they supported permanent job creation/retention/improvement to include financing intermediaries that lend to, invest in, or provide technical assistance to start-ups or recently formed small businesses or farms<sup>1</sup>.*

<sup>1</sup> Q&A\_\_12(g)(3)-1

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## SBA Loan Fund Maintains Preferred Return for Q2 at 3.00%

The SBA Loan Fund maintained the Q2 Preferred Return at the Q1 level of 3.00% for targeted CRA investments and 3.10% for non-targeted CRA investments. The Preferred Return is re-set each quarter and is annualized and NET of all expenses and fees (including management fee). The level of the Preferred Return demonstrates the continued strong performance of the SBA Loan Fund's assets. As of March 31, 2019 the SBA Loan Fund had \$574 million in assets and 121 bank investors.

## Managing Good Capital Well

Solomon Hess Capital Management ("Solomon Hess") is an alternative asset manager specializing in fixed income. Our mission is to provide investors with community and economic development-focused investment funds that generate both competitive risk-adjusted returns and positive quantifiable community impact. Founded in 2004 and located in Falls Church, Virginia, Solomon Hess has over \$700 million of assets under management. Solomon Hess is Fund Manager to the SBA Loan Fund and investors include banking institutions of all sizes that are seeking Community Development Investment or Lending test credit within the Community Reinvestment Act (CRA) rules via exposure to SBA 7 (a) loans and related assets. Other investment opportunities with Solomon Hess include investing in our Absolute Return strategy. We offer our strategies as funds or separate accounts.

## 2019 Conference Calendar

**CRA & Fair Lending Colloquium**  
**November 10-13, Orlando, FL**  
[www.cracolloquium.com](http://www.cracolloquium.com)

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*The Solomon Hess SBA Loan Fund LLC attempts to provide its investors with CRA credit related to their participation in the Fund. Investment decisions are not always exclusively based on the economic characteristics or investment merit of a specific asset. Certain CRA eligible securities sought by the Fund in specific geographies may not provide as great an economic benefit to the Fund as the same securities located in non-CRA geographies. The Fund may engage in transactions at times for reasons related to CRA considerations that may not be desirable from an investment standpoint. If one or multiple federal banking regulators, such as the OCC, FDIC or the Federal Reserve Board, were to deem an investment in the Fund as not qualifying for CRA credit, the impact to Fund investors could be material.*