

## Press Release

### Conquering COVID-19: Novel capital sourcing program to help local businesses outlast the pandemic

*C2B Program takes page from consumer finance playbook in providing relief to local businesses ravaged by economic downturn*

**May 22, 2020 (Falls Church, VA)** – As the COVID-19 pandemic continues to leave commerce in the United States at an effective standstill, local businesses find themselves in a particularly perilous position. While government support programs offer short-term relief to local businesses, bank loans will be increasingly difficult to obtain as the pandemic continues its relentless assault on the economy. An inability to secure loans will have dire consequences for local businesses, which, by several reputable estimates, employ more than 50 percent of American workers.

Local businesses looking for a lifeline, however, now have a new and intriguing option: the Community Business Capital (C2B) Program. The concept for the program, which was developed by global law firm Mayer Brown, was adapted from the consumer protection sector, which utilizes peer-to-peer lending platforms to fill the consumer credit void created by the withdrawal of traditional banks from consumer lending. Significantly, the C2B Program combines peer-to-peer lending with crowdfunding, enabling local businesses to tap into capital funding provided by residents of their communities – the very people who most appreciate the value of these businesses.

“Entities like Prosper and Lending Club have long filled a vital need for consumers lacking access to traditional funding sources for personal loans,” noted Lauren B.

Pryor, a partner in Mayer Brown's Financial Services Regulatory & Enforcement practice group in Washington, DC. "In talking this over with colleagues, it hit us: Why not adopt a similar approach for local businesses devastated by the pandemic, which also lack access to traditional funding? The added appeal here is that our would-be investors don't just have a financial interest; they have a stake in maintaining the local businesses that are the fabric of their communities."

The C2B Program relies on established peer-to-peer lending models to deploy small amounts of capital efficiently where it is needed most – bearing a key resemblance to ride-sharing services such as Uber or Lyft, which match riders and drivers. At the same time, government support under this program will be available for investment in some local businesses and communities that most need support and that often represent the highest risk for the investor. This distinctive feature borrows key attributes from successful public-private partnerships in helping communities benefit from their residents.

Enhancing what Secretary Colin Powell has described as the effort to head off a wave of "avoidable insolvencies," Government wins, as well. Absent this support, privately owned business such as laundromats may fail, forcing government to establish and run these enterprises, which are essential services to their communities.

"The Paycheck Protection Program is well-intentioned, but it's complex and there isn't enough funding. It's also short term. Bank loans are increasingly hard to come by, and we're too small to draw attention from institutional investors. This is a big problem," said Rebecca Tax, the co-owner of two popular restaurants in Falls Church, Virginia. "I was excited and relieved to hear about the C2B Program. It fills the gap left by banks and big institutions because our local investors (really our neighbors) know our business and have a vested personal interest in seeing our business through the pandemic. Our interests are totally aligned."

“The C2B program marries my interest in investing in growth companies with my concern for my community during this indefinite shutdown,” echoed Christopher P., a potential investor. “I have the flexibility to steer my investment to a particular business – say, Clare and Don’s here in Falls Church – or a category of businesses, such as hardware stores. And it gives me a sense of hope that my community, with its terrific assortment of local businesses, can better ride out the storm.”

For more information on the C2B Program, please contact Lauren Pryor at [lpryor@mayerbrown.com](mailto:lpryor@mayerbrown.com) or 202.263.3205

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