

Caribbean E-Outlook is a publication of the U.S. Small Business Administration Puerto Rico and U.S. Virgin Islands District Office

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For More Information:

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- SBA Answer Desk: 1-800 U ASK SBA
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A Promise, Much Faith and SBA Lead Medical Testing Firm to Success

More than 30 years ago, Rufino Vale was a banker, and a good one at that. But somewhere deep inside was the dream of, someday, becoming a doctor; a dream that many scoffed at.

The year was 1966 and Moca-born Rufino was about to become President of the now defunct Banco de Economía y Préstamos, when his life took a sudden turn for what seemed to be the worst.

"I had been sent to Georgetown to study banking," Rufino recalls. "One evening when I arrived to the hotel where I was staying there was a message waiting for me. It was the message that would change my life."

His 14-month old son Angel had been diagnosed with a brain tumor. Thanks to the help of a dear friend, Rufino was put on a military airplane that same night and arrived in Ramey Base in Aguadilla, Puerto Rico nearly at dawn. He was driven directly to the hospital where his son was undergoing brain surgery.

"I went to the hospital chapel and promised God that if my son was saved I would dedicate the rest of my life to preventive medicine," he says with tears in his eyes. "It was difficult because, not only did I have to find a way to come through with my promise, I was about to become President of the bank."

It took his son three years to recover from that surgery, time during most of which Rufino was away in Phoenix, Arizona, working for free at American Multi Lab Corporation and learning everything he could about medical research.

Then, in 1973, with a \$240,000 direct loan from the U.S. Small Business Administration (SBA), Caribbean Medical Testing (CMT) --the first computerized reference lab in Puerto Rico-- came to life with only four employees, including Rufino himself. At the closing of the year, he had generated only \$21,000 in sales, but the man had made a promise that he was intent on keeping. With a lot of faith, effort and sacrifice, his business began to grow.



Small Business Proves that Freedom Works

By Hector V. Barreto, Administrator of the U.S. Small Business Administration

Small business: its label is misleading. There is nothing small about it, and we are reminded of that fact as the U.S. Small Business Administration celebrates 50 years of empowering America's entrepreneurs – millions of men and women who, day after day, face the odds and embark on the road to success.

On its surface, the group called 'small business' sounds quaint. And while it is, in fact, as all-American as apple pie, small business is also the essence of cutting-edge technology, new trends and American economic strength.

Looking at small-business activity reveals a great deal about the very pulse of America. A glimpse at small business also reveals the brilliance and strength of a free country... because small business is the ultimate in equal opportunity.

The facts speak for themselves: the fastest-growing segment of the small business community today is found in minority groups: African-American, Hispanic, Asian and Native American.

Small business is today, as it always has been, the path of opportunity for new Americans. A look at the small business population reveals that more than 1.4 million of America's small businesses are owned by Hispanics... and the number of Hispanic-owned firms is growing at a rate of about thirty percent. That's *twice* the rate of all other firms.

When the Census Bureau numbers were released this summer, showing Hispanics as the largest minority group in the U.S., many wondered what the numbers would mean to this country. But the Hispanic population was already answering that question *through their entrepreneurship*. Hispanics, like so many other immigrant groups that came before them, have come here for freedom, opportunity, and the American Dream – and business ownership is the embodiment of that Dream.



The strength of women small-business owners is another example, another glimpse of something that is more than a trend. While the catch phrase across the country was "soccer moms," women were starting and growing businesses at breakneck speed – like the Hispanic population, at twice the rate of all other businesses.

There are 10.1 million woman business owners in this country today. They employ 18.2 million people and generate \$2.32 trillion in sales. A recent study by MassMutual Financial Group and Babson College also found that women-owned businesses are often more productive.

The study showed that, while the average revenue of woman-owned firms is lower than that of their male counterparts, it is produced with fewer employees: 26 workers accomplish, in a female-owned company, what 50 workers accomplish at a male-owned company.

The opportunity to own your own business is much greater in this country than in any other. The door is open wider in the U.S. That's why people come here. It's why my parents came here. The fact that my father was an immigrant from Mexico did not matter to the people who enjoyed the food at his restaurant.

My father succeeded in this country because of its openness, its opportunity and its freedom. The same is true for millions and millions of other entrepreneurs – whether they were born here or not, and regardless of their gender, race or ethnicity.

The achievement of the American Dream for so many millions (there are about 23 million small businesses in America today) is proof enough that freedom works.

But there's more: Small businesses employ more than half of all private sector workers. They pay 44.5 percent of total U.S. private payroll. And they create three out of every four net new jobs.

This means that the road to job creation is paved with small-business growth. Let's call it the new Freedom Trail.

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Caribbean Medical Testing specializes in preventive and occupational medicine. Its medical professionals perform tests for alcohol and drugs, HIV, and Hepatitis, as well as X-Rays, electrocardiograms, vaccination, pulmonary function, hearing and visual, and psychological tests, among many other services.

As the years passed and the business grew, Rufino felt his children should take over the administration of the business. But his older son wanted no part of it, as he was content with his career. It was Angel, the child whose early condition led his father to make a promise to God, who joined the business.

“He sat down with me and presented a napkin on which he had written a list of terms and conditions, such as salary, a car, and benefits,” Rufino remembers. “But it was the last condition that really impressed me.

It said ‘you will let me grow and you will not interfere with the Institution’s progress.’ I still have that napkin, with that last condition underlined.”

That was 12 years ago and, in half that time, Angel was promoted to Vice President. In 1998, however, a Mainland corporation --Bio Pharmaceutical—offered Rufino \$7.5 million to buy him out. He accepted the offer, with the condition that Bio keep the 61 employees that were working for him then. Shortly after, though, the buyer passed away and not all terms and conditions were honored. Sales were decreasing, as was employee morale.

“I knew it was a gamble, but I had to try and get the Center back,” the entrepreneur recalls.

That he did. On December 21, 1999, Rufino bought CMT back for the same amount he had sold it. Today, Angel is President and Rufino remains as Chairman of the Board of Directors. The main CMT center is based in Bayamon, with offices in Hato Rey; it owns four mobile units and counts with the expertise of almost 150 professionals, all of who serve 290 labs on the Island. Last year, CMT grossed \$6 million.

Rufino Vale never did fulfill his dream of becoming a doctor, but he did fulfill his promise of dedicating his life to preventive medicine. He has paid his dues and yet feels as though he could never return all of which has been given to him.

“I have a debt with the SBA,” Rufino finally says. “Yes, I paid off the financial debt, but it goes beyond that. It is a spiritual debt.”

Military Reservist Economic Injury Loans Still Available

Small businesses with essential employees called to active duty may still apply for Military Reservist Economic Injury Disaster Loans from the U.S. Small Business Administration.

For the last two years, the MREIDL program has provided loans to eligible small businesses to cover operating costs that cannot be met due to the loss of a key employee called to active duty in the reserves or National Guard.

“Many small businesses have had to cope with the loss of know-how, and have been hurt financially by the absence of a key employee during the recent call ups,” said SBA Administrator Hector V. Barreto.

“This loan program has helped many businesses survive, and the SBA will continue to support these dedicated men and women who have made such a great sacrifice in the course of serving their country.”

Small businesses may apply for MREIDLs of up to \$1.5 million if they have been financially impacted by the loss of an essential employee. These working capital loans may be used to pay necessary operating expenses that could have otherwise been covered. The loans cannot be used to refinance debt or expand the business. The current interest rate is 3.1 percent, with a maximum term of 30 years. The SBA determines the amount of economic injury, the term of each loan and the payment amount based on the borrower’s financial circumstances.

The MREIDL filing period ends 90 days after the date the business owner or key employee is discharged from active duty. To download an application, visit the Web site at www.sba.gov/disaster. Businesses in Puerto Rico and the U.S. Virgin Islands can also call 1-800-659-2955 to obtain an application.

UPCOMING EVENTS

Lenders Roundtable

Date: January 14, 2004

Place: SBA District Office

Location: 252 Ponce de Leon Ave.
Suite 200 Hato Rey, PR

Time: CDCs 9:00 a.m. – 12:00 n

Participating Banks 1:30–4:30 p.m.

International Trade Workshop

Date: January 15, 2004

Time: 8:00 a.m. – 2:30 p.m.

Place: International Trade Center

Location: Union Plaza Bldg, 10th
Floor, Hato Rey, PR

Training SCORE on SBA

Date: January 21, 2004

Time: 9:00 a.m. – 12:00 n

Place: SBA District Office

Location: 252 Ponce de Leon Ave.
Suite 200, Hato Rey, PR

LOAN PRODUCTION IN PR & USVI (AS OF FY-END 9/30/03)

Lender / CDC	# of Loans	\$\$\$ Value
Banco Popular de Puerto Rico ♦	631	\$64,861,321
Banco Santander Puerto Rico	145	\$20,470,500
Banco Bilbao Vizcaya Argentaria	69	\$5,456,016
Scotiabank de Puerto Rico	8	\$914,600
Grow America Fund, Inc.	6	\$921,000
Doral Bank	5	\$650,000
FirstBank ♦	4	\$465,000
Business Loan Center	2	\$1,206,000
Eurobank	2	\$392,760
RG Premier Bank	2	\$250,000
Economic Development Bank for PR	1	\$322,000
Cooperativa de Ahorro y Crédito Aguada	1	\$210,000
Oriental Bank	1	\$50,000
Government Development Bank VI	1	\$50,000
Marketing Development Corp. *	27	\$13,148,000
COFECC*	11	\$5,923,000
North PR Local Development *	4	\$2,221,000
PR Business Development Corp. *	3	\$1,920,000

♦Includes loans in VI

* CDC