

CARIBBEAN E-OUTLOOK

November 2011

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Helping small businesses
start, grow and succeed.



Your Small Business Resource

Puerto Rican Maker of Military Uniforms, Gear Named National Minority Small Business Person of the Year at MED Week 2011

Oscar Quiles, president of Pentaq Manufacturing Corp. in Sabana Grande, was named the National *Minority Small Business Person of the Year* by the U.S. Small Business Administration during the closing awards ceremony for the 29th annual Minority Enterprise Development (MED) Week conference held recently in Washington, D.C.



View of Pentaq Manufacturing Corp. President Oscar Quiles and employees at work sewing military uniforms.

“We are honoring Oscar for his commitment to excellence in government contracting, for creating jobs and providing work incentives for his employees, and for manufacturing uniforms and tents for our men and women in the armed services, including the new universal uniforms our troops are now wearing in Afghanistan,” said SBA Administrator Karen G. Mills. “Oscar’s story is a true testimony of all that small businesses do for our nation and its economy.”

Quiles got his start in the military apparel and occupational uniform manufacturing business in the ‘90s, when he worked for his family’s business, Caribbean

Needlepoint Inc. In 2003, with support from the Puerto Rico Industrial Development Company, Quiles bought a manufacturing plant that was about to close, leaving 50 people unemployed. With additional support from the Workforce Investment Act Program and from the state government’s Work and Nutritional Assistance Program, he was able to keep all employees on payroll.

In 2004, Pentaq Manufacturing Corp. was born, specializing in commercial military clothing, military uniforms and related products. Soon after, the Department of Defense (DoD) awarded

the company a \$3.2 million contract to manufacture uniforms and tents for U.S. troops. Pentaq later produced universal uniforms that U.S. forces are now wearing in Afghanistan.

“Oscar’s national award was the culmination of an outstanding fiscal year for our office and another success for all Puerto Ricans,” said SBA District Director José R. Sifontes. “Oscar’s commitment as a minority entrepreneur is demonstrated in the jobs he is creating and in the manufacturing contracts he is fulfilling for the U.S. government. He is living proof that dedica-

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tion and perseverance are the conduits to success, even amidst trying times. We couldn't be prouder of his achievements."

Certified in the SBA's 8(a) Business Development program, today Pentaq has 160 employees and \$3.2 million in revenues. As a prime contractor, Pentaq was recently awarded a DoD contract valued at \$12.1 million to manufacture coats and trousers. Also recently, the Coast Guard awarded Pentaq \$5.1 million in contracts to manufacture shirts and trousers. To fulfill these contracts successfully, Pentaq has subcontracted companies in the municipalities of Mayagüez (Propper International Inc.), Camuy (Aurora Industries LLC) and Lajas (M&M Manufacturing LLC).

As a subcontractor, for the past four years Pentaq has been manufacturing army combat uniform units and mesh storage bags for Propper International. Moreover, the company is currently manufacturing bed nets, carry-bags and a variety of patrol packs for MMI Outdoor.

For the National Minority Small Business Person of the Year award, Quiles was selected from a group of 10 regional winners that also represented Massachusetts, Virginia, South Carolina, Indiana, Texas, Kansas, South Dakota, California, and Washington.

MESSAGE FROM THE DISTRICT DIRECTOR

Greetings, and welcome to this issue of *Caribbean E- Outlook!*

We are thrilled to begin a new fiscal year with impressive figures. In just one month, we approved over \$11 million in loans to small businesses in Puerto Rico and the Virgin Islands, a 289 percent increase over dollars approved during the same period last year (see table on page 4 for details).

On page 3, you'll read all about our fantastic fiscal year 2011 results; the best we've had in some time.

It is a known fact that in times of crises, communities that work together are better able to withstand and progress. With every day that goes by, SBA is proud to represent and serve such a community—small business.

We look forward to continuing our efforts on their behalf for a long time to come, and invite *you*, participating lenders, resources partners and alliances to join us on this journey.

From all of us who work at the Puerto Rico and Virgin



District Director José R. Sifontes

Islands district office, a safe and happy holiday season to all. See you in 2012!

With best wishes,

SBA Regional Administrator Visits Veteran-Owned Business in Toa Baja, PR in Honor of National Veterans Awareness Week



In the photo above, SBA Region II Administrator Jorge Silva-Puras (left) listens as Rubén Rodríguez, founder and president of telecommunications systems integrator R2 Communications Group in Toa Baja, PR, describes company inventory and particular uses.

Silva-Puras visited Rodríguez last month as part of SBA initiatives surrounding National Veterans Awareness Week.

A U.S. Marine Corps and Puerto Rico National Guard veteran, Rodríguez and his wife Ileana Rivera started

R2 in 1992, shortly after his employer decided to close operations. With a handful of employees, some of which are still with the company today, Rodríguez set out to become one of the leading providers of systems integrations on the island. Currently, R2 has over 100 clients in the pharmaceutical, manufacturing, retail, financial and hospital industries, as well as in the state and federal governments.

R2 Communications Group recently graduated from the Baldrige Performance Excellence Program, sponsored by the Puerto Rico Small Business & Technology Development Center.

SBA Loans in Puerto Rico and Virgin Islands Increased 57 Percent in Fiscal Year 2011

The U.S. Small Business Administration guaranteed 656 loans in Puerto Rico and the Virgin Islands during fiscal year 2011, a 57 percent increase over loans approved during the previous year. The results obtained are due in part to incentives implemented under the Small Business Jobs Act of 2010 and to a renewed commitment from SBA lenders.

“Last year we predicted 2011 would be our best yet, and we couldn’t be more pleased with our results,” said SBA District Director José R. Sifontes. “By extending enhancements first enacted under the Recovery Act, and permanently increasing SBA loan limits, the Jobs Act enabled us to provide entrepreneurs with expanded access to much needed

capital to meet their small business needs.”

As of Sept. 30, 2011, the SBA guaranteed over \$84.8 million to small businesses in the district, an 18 percent increase over loan dollars approved in fiscal year 2010. Of the total dollar amount, \$53 million were approved under the SBA’s 7(a) loan guaranty program, which provides long-term financing to acquire equipment and machinery, inventory, fixtures and accessories, renovations, purchase land, build new buildings, purchase existing businesses, and for the repayment of debts.

The SBA also helped create or retain nearly 500 jobs during fiscal year 2011, by approving \$31.9 million under its 504 Certified Development Company loan

program, designed to promote economic development by creating jobs through long-term, fixed financing.

“Small businesses are the driving force behind the economies of the islands we serve, and we look forward to continue increasing opportunities for them to start, grow and succeed,” Sifontes said.

Signed on Sept. 27, 2010 the Small Business Jobs Act permanently increased 7(a) and 504 loan limits from \$2 million to \$5 million (for manufacturers up to \$5.5 million), expanding job creation opportunities for new and existing small businesses. The Jobs Act also permanently increased limits on the agency’s Microloan program from \$35,000 to

\$50,000, and turned the Export Express pilot loan program into a permanent program, with 90 percent guarantees for loans up to \$350,000 and 75 percent for loans between \$350,000 and \$500,000.

In addition, the law provided \$50 million in grants available to Small Business Development Centers, of which \$621,797 went to the Puerto Rico Small Business & Technology Development Center to implement a Business Financial Turn-around program, targeting businesses in crisis by providing a four step program of in-depth financial management counseling, among other projects.

For more information on SBA programs and services, visit www.sba.gov/pr.

SBA-PROPOSED SIZE STANDARD INCREASES FOR REAL ESTATE AND EDUCATIONAL SERVICES INDUSTRIES REFLECT MARKETPLACE CHANGES

Proposed rules published earlier this month for comment in *The Federal Register* by the U.S. Small Business Administration would adjust the size definition of small businesses in 29 industries in one sub-industry in two broad categories of businesses, ranging from real estate and property management to colleges, junior colleges and universities.

The proposed adjustments to size standards in 20 industries and one sub-industry in Sector 53 of the North American Industry Classification System (NAICS), “Real Estate and Rental and Leasing,” and in nine industries in Sector 61, “Educational Services,” reflect changes in marketplace conditions in those sectors.

In both sectors, the pro-

posed changes are based on annual gross revenues. The standards delineate how large a business can be and still qualify as small for federal government programs. The dollar limits refer to annual revenues averaged over three years. As part of the ongoing comprehensive review of all size standards as required under the Small Business Jobs Act of 2010, the SBA is evaluating all industries

in these sectors that have revenue-based size standards to determine whether the existing size standards should be adjusted. The last overall review of size standards occurred more than 25 years ago.

The proposed changes take into account the structural characteristics within individual industries, including average firm size, degree of

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competition, and federal government contracting trends. This ensures that size definitions reflect current economic conditions within those industries. An SBA White Paper entitled “*Size Standards Methodology*” (Oct. 21, 2009) explains how SBA establishes, reviews and modifies its receipts-based and employee-based small business size standards. It is available for viewing at <http://www.sba.gov/size>.

The upward revisions would allow some small businesses that are close to exceeding their current size standards to retain small business eligibility under the proposed higher size standards, and give federal agencies a larger selection of small businesses to choose from for small business procurement opportunities. They also would allow more small businesses to qualify for SBA financial assistance. SBA estimates that up to 13,000 more firms in Sector 53 and 1,500 more companies in Sector 61 will qualify for SBA assistance and other federal programs if the proposed revisions are adopted.

Interested parties can submit comments on these proposed rules on or before January 17, 2012. The SBA recommends that comments be submitted online at www.regulations.gov or mailed to Khem R. Sharma, Chief, Size Standards Division, 409 3rd St., SW, Mail Code 6530, Washington, D.C. 20416. The SBA will post all comments to www.regulations.gov for public review. The SBA does not accept comments submitted by email.

For more information about SBA’s revisions to its small business size standards, click on “**What’s New with Size Standards**” on SBA’s website at <http://www.sba.gov/size>.

PR & VI LOAN PRODUCTION AS OF OCT. 31, 2011

LENDER	LOANS	\$\$\$ VALUE
7(A) LOAN GUARANTY PROGRAM		
Banco Popular de Puerto Rico	26	\$2,062,800
Banco Santander Puerto Rico	9	\$996,600
Banco Bilbao Vizcaya Argentaria	2	\$120,000
Economic Development Bank for PR	2	\$3,350,000
Live Oak Banking Company	4	\$4,700,000
Scotiabank of Puerto Rico	2	\$30,000
Borrego Springs, N.A.	1	\$50,000
TOTAL 7(A) LOANS	46	\$11,309,400
CERTIFIED DEVELOPMENT COMPANY PROGRAM		
PYMES Financial Partners Inc.	2	\$294,000
COFECC	1	\$106,000
TOTAL CDC LOANS	3	\$400,000
GRAND TOTAL	49	\$11,709,400

SBA’S DEADLINE IS DEC. 19 FOR PHYSICAL DAMAGE DISASTER LOAN APPLICATIONS IN PUERTO RICO

The U.S. Small Business Administration reminds homeowners, renters, businesses and non-profit organizations that the deadline to submit disaster loan applications for physical damages due to Tropical Storm Maria that occurred Sept. 8-14, 2011 is **Dec. 19, 2011**.

Low-interest disaster loans are available in the municipalities of Juana Díaz, Naguabo and Yabucoa, which are eligible for both Physical and Economic Injury Disaster Loans. Small businesses and most private non-profit organization in the following adjacent municipalities are eligible to apply only for Economic Injury Disaster Loans: Ceiba, Coamo, Humacao, Jayuya, Las Piedras, Maunabo, Oro-covis, Patillas, Ponce, Río Grande,

San Lorenzo, Santa Isabel and Villalba. Interest rates are as low as 2.5 percent for homeowners and renters, 3 percent for non-profit organizations and 4 percent for businesses with terms up to 30 years.

For assistance, call SBA’s Customer Service Center at 800-659-2955 (800-877-8339 for people with speech or hearing disabilities) or e-mail disastercustomerservice@sba.gov. Loan applications can be downloaded from www.sba.gov. Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155. The deadline to return economic injury applications is July 18, 2012.