

FULL HOUSE PROMOTIONS, INC.

*40 Ragazzi Lane, Staten Island, NY 10305
(646) 536-7517 ♦ (917) 686-5657*

October 21, 2013

Dear Andrew Linehan,

Thank you for taking your time to deny my NYC Business Recovery Loan and Grant application (CDBG-DR). It was my 'pleasure' speaking with you on 10/15/13 on a three way conference call with my SBS counselor, Mary Ellen Smyth. Being denied and then schooled on my business practices and remarks on how I run my small business is exactly the 'advice' we as hurricane victims need during these difficult post hurricane times.

I was surprised to learn that I was considered a non-viable business according to NYBDC "global" cash flow model because I did not pay myself during a slow 2011 year. In addition, thank you for reminding me that I was denied by SBA. It is precisely because I was denied by SBA, I have been encouraged to apply for CDBG loan by SBS. We were told that CDBG was developed by HUD as an alternative for those who were denied by SBA to assist with their recovery. Now, let me directly address the APPEAL of your decision to deny my small business with this much anticipated loan. Before I do so, I would like to show you the long path we've made to get to this point in my previous letter addressed to local elected officials here:
<http://tinyurl.com/n26a5y9>

The next video below is from Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia on 11/06/13.

<http://www.hsgac.senate.gov/subcommittees/emdc/hearings/one-year-later-examining-the-ongoing-recovery-from-hurricane-sandy>



On 11/06/13, in the video above, Secretary Shaun Donovan announced:

[Video time 1:32:00] "CDBG, is by law, it is only allowed to be used on needs that are not met by other funding sources."

[Video time 1:40:44] "...use grants only where home owner or business cannot afford to repay a loan."

[Video time 1:38:00] Exchange between Senator Gillibrand and Secretary Shaun Donovan clarifies the use of CDBG.

Being denied by NYBDC, what strikes me the most is that on February 1, 2013, NYBDC has approved me for \$10,000 emergency business loan using my same 2011 income tax returns. The reported source of income is the profit my business made indicated on line 21 of 1120S tax returns. However small the income was, apparently it was sufficient. See the loan agreement copy here: <http://tinyurl.com/kx7gy9f>

NYBDC has also approved 10k grant to match the loan. NYBDC's, John B. Chiaramonte, encouraged me to use the \$10,000 loan money to pay for time sensitive damaged equipment replacements while waiting for the grant money to follow. According to the agreement you must demonstrate you spent money to get the grant. After that, the \$10,000 loan has been fully repaid back to NYBDC. So, why did I repay this loan if I needed the money?

The reason this loan was fully repaid is to be in good standings with NYBDC, to demonstrate the repayment ability and to be able, with clean and debt free credit report record, apply for additional CDBG assistance we were advised to follow shortly by SBS. In case I'm finally denied, should I get my emergency loan money back?

If NYBDC had performed a "global" cash flow analysis properly as you stated, then you would notice, based on my credit report, I am completely DEBT FREE. Looks like my ability to repay is pretty solid. There are also no personal business living expenses like rent because this is a home based business owned by my family. So, there is no rent expense at this time. Sad to say but a family member, my father, Aleksandr Shpigel, who owns the house, is my additional support in these difficult post hurricane Sandy times. If my additional repayment ability is the true cause of my denial, he agreed to co-sign or co-sponsor this loan. My family and I are also willing to offer collateral in form of a real estate, auto or some of the new business equipment that I have already purchased. We are confident that we would be able to repay this loan. So then, why doesn't my family just helps my small business now by advancing some 'interest free' money? Because, my family, just like me, is going through repairs and recovery efforts post hurricane Sandy. See my family Sandy story here: <http://tinyurl.com/n3y3tk9>

It is ironic that due to confidentiality reasons NYBDC have chosen not to share my denial letter with my SBS counselor who assisted me in preparing my application. The SBS are the ones who have submitted all relative documents and are fully aware of all my reported numbers to NYBDC. If I am simply denied by NYBDC based on my pre hurricane Sandy low income, how is it possible that no one at SBS has caught this? What happened to the pre-approval process? Instead, I have been asked to submit two dozen additional documents including the SBA loss verification report.

- We have submitted a pre core application and an original application
- We have submitted corporate records, EIN, Certificate, S-Corp proof
- We have submitted 3 income tax returns
- We have submitted SBA 413, 912 form and 4506T forms
- We have submitted proof of damages including pictures, quotes, assessments and loss verification report
- We have submitted our projections for 2013 and 2014
- We have submitted interim financial statement
- We have provided a copy of DEBT FREE credit report
- We have provided personal identification documents
- We have provided SBA denial letter
- We have submitted a disclosure document and over 25 documents in total

Nevertheless, what correlation does 2011 income year has with my future 2013 and 2014 projections based on full business recovery enabled only due to the CDBG funds, if approved? CDBG is critical to the recovery. The application clearly indicates the damages to a physical network equipment that needs further replacement. I am interested how a 2011 income indicator would lead NYBDC to believe that this is what my business would make after CDBG's funds a full business recovery which, if not made, would bring us back to making pre hurricane profits, if any.

I was astonished that no other options were offered to me by NYBDC upon the decline of my application. I have asked for a \$10,000 loan and not 100. Can there be lower amounts available to accommodate this loan? Can we stretch the repayment period to accommodate lower repayments? Is there a grant portion available to those specifically who did not qualify for a loan? Am I not qualified for anything?

I have been already denied a \$25,000 loan by SBA due to inability to repay. We were then told about CDBG and that these are special loans that are otherwise not available through normal channels and local banks. If I truly can't afford the loan, shouldn't then the grant option be available to me? According to HUD they encourage the local communities including NYBDC to help those who have been denied by SBA by providing help in a form of a grant.

My small business's story is sad and just like many others. My family and my small business have been hit hard by the super storm. We had over 3 feet of salt water and lost 3 family vehicles. Nothing other than partial structural damage was covered by our flood insurance.

Because this is difficult time for my small business and because this is a home based business, my father living at the same address, has offered his support in form of co-sponsoring, co-signing or collateral for this loan and is happy to provide any necessary documents to proceed.

Is there anything else we can do to be able to make this loan/grant happen?

Sincerely,

A handwritten signature in black ink, appearing to read 'Anton Shpigel', with a stylized, cursive script.

Anton Shpigel

President

Full House Promotions, Inc.