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Testimony to the House Committee on Consumer Protection & Commerce

REQUESTING THE CONVENING OF A WORKING GROUP TO
INVESTIGATE THE CREATION OF A LOCALLY-FOCUSED, HAWAII-
BASED STOCK EXCHANGE.

SCR 134, SD1

(SSCR1052)

Status

DATE: Monday, April 18, 2011
TIME: 2:00 pm
PLACE: Conference Room 016
State Capitol
415 South Beretania Street

Mahalo for the opportunity to testify about this important issue. I consider the creation of local stock exchange to be groundbreaking and important to the progress of an emerging economic "ecosystem" in Hawaii.

I'm a Maui businesswoman and business coach. I am a shareholder for three Maui businesses, on an advisory board for one company, and a board of directors for another. My own company, Icanology LLC is very small but growing. My father owned grocery stores in California. My husband ran his oral surgery practice for 35 years.

Our daughter Molly is a 30-year-old Seabury and Cornell graduate. She was an LA swimwear designer with a 6-figure income for 6 years. She took a corporate job and at the beginning of 2010, was laid off. Last year she and I partnered to produce iPhone applications. We learned a great deal, our apps won awards, and we still bring in a small monthly income from iTunes. Still living in Los Angeles, Molly's developing a new website, GreenFunder.com and I'm working on a web application called Icanology.

Our son, 27, graduated from Seabury and University of Miami. He lives in San Diego, and is programming for a company that was a start-up 2 years ago.

Many of their friends are either unemployed or underemployed. Quite a few are living with their parents. Some are working in family businesses. Many have ideas that they'd like to get off the ground.

My master's degree is in psychology and human systems and I'm a former board member of the International Society for the Systems Sciences. I frame our current business climate systemically.

In the mid 20th century, a family's needs were met in their communities. They had farms and factories for making things; stores for selling things; banks for money; schools for learning; churches for spirituality, hospitals for illness, birth and death; and government for regulation.

Small entities joined with other entities, consolidating and expanding services and capabilities. Over fifty years these entities exploded into huge impersonal systems—health, economics, education, manufacturing and distribution, governance. They operate at scales that can no longer meet our individual needs. We trust them less and less. Our local communities suffer.

The global stock markets and the SEC support the flourishing of those systems.

We're living now in the chaos of the breakdown of the industrial world and the emergence of new systems. I envision the Hawaii local stock exchange as an important link in an emerging ecosystem for developing ideas, products, and markets, and for business expansion.

This ecosystem is emerging on Maui in the following ways:

For **idea generation and prototype development** we have school STEM programs and maker groups, groups forming to make high and low technology products for fun and interest. Maui Makers has a list of current and future projects that its members are collaborating on. Community colleges are the most progressive of our academic institutions with programs for apparel design, web design, and more.

For **project testing and launches**, we have sites like launchbit.com, kickstarter.com, indiegogo.com, and now GreenFunder.com. My daughter's site, GreenFunder, offers a way to test, market, fund, and sell a project before even producing it. Like fundraising for Hawaii Public Radio, perks are offered in tiers. A similar site, kickstarter.com, has raised over \$1.5 billion in project funding in the last three years. GreenFunder goes live for project funding on May 25th and will focus on green and socially responsible projects. The site will also feature local products by zip code and area.

Business incubation is handled by entities like HTDC, Maui Research and Development Park, and Lokahi Pacific. We have small business support with agencies like the SBDCs and Maui Economic Opportunity.

Missing is an efficient, cost-effective system for community-based funding of business expansion. My husband and I have taken advantage of the Hawaii state tax credit for investment in tech startups by investing in three companies, but those investments are open to only qualified investors. The advantage of a local investment is that we know the principals and we can personally follow progress. A disadvantage is the lack of liquidity and the lack of a reliable due diligence process. The establishment of a local exchange could deal with those issues.

I live across the road from Maui Land and Pineapple Company. It was legal and considered "safe" for individuals to buy Maui Pine stock in the NYSE. Over a number of years, management changed. Work began on an elaborate remodel of the Ritz Carlton hotel, real estate prices dropped, tourism took a dive, and well-laid plans for \$10 million annual profit in fresh pineapple were abandoned. Meanwhile CEO and President David Cole was paid \$8 million in annual bonuses.

The former employees of Maui Pine lost their stock value and then the employees who weren't protected by unions lost their medical benefits and pensions.

The new Haliimaile Pineapple Company was started by former employees of Maui Pine, but only qualified investors could buy the initial stock.

Small purchases of shares by community people would build in support—local markets, committed employees, local legislation --for the company and increase its chances for success. By starting a local stock exchange, we have the opportunity to build in processes that benefit our local companies, its employees, stockholders and the community as a whole.

One big obstacle is an efficient, reliable, and inexpensive **due diligence** process that can assure the stockholders of a company's fitness for becoming part of and remaining in the exchange.

David Fisher and I are using my new site, Icanology, to build a business development and due diligence tool. It will be based on "icans," statements beginning with "I can. . ." Imagine joining and paying a subscription for a "guild" that lists the icans required for starting and running a business. As your business grows, you attach evidence and endorsements to your icans. When you fulfill the required icans, you move your business icans over to the due diligence guild, where you and/or your potential investors can invite outside auditors to verify your icans.

My intention is not to use this testimony to pitch my company. I'm just showing you that all the answers are right here in the islands and that we don't have to be afraid to break new ground.

The credibility and viability of a local stock exchange rests upon the processes that we put into place. With new technologies we can develop these islands into self-

sufficiency, keep the profits in Hawaii, and not only protect consumers, but help them thrive.

Again, mahalo for this opportunity. I hope that you can help make history by passing this legislation.

COMMONWEALTH
GROUP

650 641 1246
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March 28, 2011

Hearing before the House Committee on Consumer Protection and Commerce
Tuesday, April 18, 2011 – 2:00 p.m.
Conference Room 016, State Capitol
415 South Beretania Street, Honolulu, HI

Subject: Testimony in Support of Resolution 134 (“SCR134 SD1”)

Dear Chair Herkes, Vice-Chair Yamane and Committee Members,

This letter is being submitted in order to provide written testimony in support of SCR134 SD1.

My name is Michael Sauvante and I am the Executive Director of Commonwealth Group. Commonwealth Group is principally focused on the study and promotion of socially responsible businesses and financial institutions. One of the areas to which we have dedicated considerable time and resources pertains to local stock exchanges and their impact on, and benefits to, local economies.

Given that focus, we can unequivocally state that we strongly support this proposed legislation and the goals of that legislation.

Here is why:

The real (Main Street) economy is in the worst shape since the Great Depression, despite the rosy picture on Wall Street and on the balance sheets of large companies. The official unemployment rate in the country hovers around 10% with the true effective rate estimated to be 15%-20%. Millions of people have lost their jobs and cannot find new ones or are under-employed in low paying jobs that do not provide a living wage. Washington, Wall Street and big business have no real solutions.

That leaves job creation to the states and the one sector of the economy that historically has been the engine of job creation – small business. Small business has historically been the primary means of job creation in this country, especially when the economy is down.

In times past, small business led the country out of recessions. The SBA’s Office of Advocacy recently revealed that small businesses with less than 20 employees created 98% of net new jobs during the three years after the 2001-2002 recessions, and businesses with less than five employees created 74% of those net new jobs! Those numbers have been reinforced by a recent Kauffman Foundation study entitled “Job Growth in U.S. Driven Entirely by Startups”.¹ However, that is not happening now. According to the Wall Street Journal, startups are not getting investments this time around.² Not only have home equity loans, a common source of startup capital for entrepreneurs,³ become virtually non-existent, but angel investors have abandoned entrepreneurs as well.

¹ <http://www.kauffman.org/newsroom/u-s-job-growth-driven-entirely-by-startups.aspx>

² *Few Businesses Sprout, With Even Fewer Jobs*

http://online.wsj.com/article/SB10001424052748704648604575621061892216250.html?mod=WSJ_article_related

³ “New Businesses Do More to Fix Economy Than Small Businesses” www.thetakeaway.org/2011/jan/13/money

These wealthier investors (less than 2% of the population) are not investing in small companies (2nd lowest rate in 18 years). This is a major problem because state and federal laws currently force small businesses to rely almost exclusively on those investors (called “accredited investors”) as their primary source of investment.

The other 98% of the population is largely left out because the government has created laws that, although intended to protect small investors, have the effect of legally excluding them, thereby cutting off a huge source of potential capital (literally trillions of potential dollars in aggregate across the country) for small, local companies.

Historically stock exchanges have provided a convenient public meeting place (marketplace) where “public” companies and their investors (both the 2% & the 98%) can meet and where the sale of those companies’ securities (stocks, bonds and other instruments) is facilitated, including both initial offerings and secondary trades. Existing stock markets are geared nearly exclusively to large companies with large public floats (number of shares held by the public) which provide substantial liquidity for shareholders.

In contrast, small public companies typically have very small floats and substantial illiquidity, i.e., few buyers and sellers at any one time. This illiquidity on the national exchanges for small companies creates a high degree of volatility in the price of their shares and easily subjects them to price manipulation.

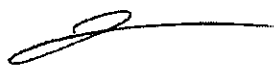
Liquidity is the key driver that underlies a stock exchange and the key benefit that it provides to listing companies and their investors. If we are to provide that benefit to small and medium sized enterprises (SMEs), we must find a way to provide for greater liquidity than the current national exchanges afford.

Matching investors with SMEs needs to be one of the key objectives of states like Hawaii, especially local investors with local companies. If we as a nation are to provide an enhanced capital flow to SMEs, especially of local public investment funds, then a local stock exchange or stock exchange-like environment needs to be provided to perform that function and do so in a fashion that is geared towards, and better serves the needs of SMEs, than that afforded by the national exchanges.

Thus we conclude that it would be very much in the interests of the state of Hawaii and its citizens to move forward with this proposed legislation and join a movement that is gathering momentum across the country. We at the Commonwealth Group are actively involved in an effort to establish such a state based exchange here in California. We know of other efforts throughout the country, several of which are going on behind the scenes, besides those publicly visible.

Finally, we would like to offer our expertise and knowledge in this space, in any manner that may help you in this effort. We wish you success in this important work.

Best regards,



Michael Sauvante
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SVX | SOCIAL VENTURE EXCHANGE



Social Venture Exchange (SVX)
An Initiative of Social Innovation Generation (SiG) at MaRS
MaRS Discovery District
101 College Street, Suite 100
Toronto, ON M5G 1L7

April 17th, 2011

Hawaii State Legislature
Senate Committee on Commerce and Consumer Protection
The Honourable Rosalyn Baker, Chair
The Honourable Brian Taniguchi, Vice -Chair
415 S Beretania St # 317
Honolulu, HI 96813-2407 United States

RE: SCR 134, REQUESTING THE CONVENING OF A WORKING GROUP TO INVESTIGATE THE CREATION OF A LOCALLY-FOCUSED, HAWAII-BASED STOCK EXCHANGE

Dear Chair Baker, Vice-Chair Taniguchi, and Committee Members,

On behalf of the Social Venture Exchange (SVX), an initiative of Social Innovation Generation (SiG) at MaRS in partnership with the TMX Group Inc., I would like to offer strong support to the proposed Senate Concurrent Resolution 134 (SCR 134). In order to provide a case for support, I would like to describe the emerging precedent of the SVX initiative and outline a number of compelling reasons for you to advance the development of a local exchange.

The SVX is a local, impact-first market connecting social ventures, impact funds, and impact investors in order to catalyze new investment capital geared towards improved social and environmental outcomes. We are focused on increasing access to capital for small and medium ventures (<\$25M revenues) with a prioritized mission and earned revenues including nonprofits, co-operatives, and businesses advancing social and/or environmental sustainability in Ontario. The SVX will list ventures seeking debt or equity financing of up to \$10M, from basic bonds to common shares, and impact funds pursuing financing up to \$50M. The SVX allows investors to share due diligence, collaborate on deals, identify and access high quality, screened investment opportunities with detailed information reducing their burden of due diligence.

After 18 months of determining feasibility and building our business plan, we will be officially beginning the first phase of our initiative this summer with the launch of our online, private platform for accredited investors. Our objective over the next three years will be to establish a fully regulated public exchange for local, impact-first ventures and investors.

There are many reasons for you to begin the process of building a similar model, in line with many of the compelling factors that are pressing us to act.

1. Small and medium sized enterprises (SMEs) have inadequate access to capital. It is clear that a large number of small and medium sized enterprises, particularly sustainable ventures, have significantly inadequate access to capital. Our market research on a small sample of 250 ventures showed a total of \$170M in capital demand, with a clustering of capital need of between \$250K to \$1M. This is a phenomenon that is not limited to Ontario, but is reflective of conditions in North America, and indeed, around the world. We are still feeling the effects of the tightening of credit markets in the wake of the recent financial crisis that had a further negative effect on access to capital for small business (*The Economist, Surviving the drought - Access to finance among small and medium sized enterprises, 2009*). A local exchange would be more resilient to global shocks, with particular focus on those SMEs that require access to capital. This capital would be deployed in a sector of your economy that drives economic development and job growth.

There are many reasons that smaller ventures have inadequate access to capital, from connectivity with networks and capital pools to the cost of acquiring capital. For example, the cost of raising capital on the mainstream capital markets can be prohibitive for small and medium sized enterprises. The cost to raise capital on the NYSE Euronext is an average of \$175,000, and it can be up to \$500,000 annually for listed companies. A local exchange would be much less costly for local ventures to access the necessary capital they require for growth, infrastructure, or general operations.

2. It is possible to efficiently apply existing technology, regulations, and rigorous listings processes to a local exchange. The ability to build, manage and maintain a local exchange today is far less costly than it would have been even a decade ago. The relatively low-cost and high functionality of web applications have allowed for the development of robust online platforms for private marketplaces, including SharesPost, CapLinked, and SecondMarket, and other markets for good including Kiva, MyC4, Microplace, and Kickstarter. A registered, or fully regulated market with appropriate controls and processes, under the auspices of your local securities commission could be remarkably successful. Our own local efforts have been significantly aided by the listings and regulatory expertise of our local exchange group (the TMX Group Inc.) and capital markets experts, which have allowed us to model rigorous listings requirements and processes providing appropriate controls at a much smaller scale. Although it will be a continual work in progress, the combination of readily adaptable technology, appropriate regulatory controls, and adapted listings processes can make your local exchange efforts both efficient and effective.

3. An exchange provides a powerful, trusted platform to connect ventures and investors in order to catalyze new capital towards the desired outcomes of social, economic and environmental development. If it realizes its full potential, an exchange provides a powerful, trusted intermediary function in your state's economy to connect those with a need for capital and those who have capital. The ultimate result of these new capital flows is in line with your state's interest to attract investment, create jobs, and ideally, advance positive social and environmental change. The local, and possibly sustainable or shared value, focus of your exchange effort will increase the level of resiliency of the resulting transactions, and hence, the resiliency and success of your local economy.

4. Other jurisdictions are supporting the development of local, impact-focused exchanges. Our work would not be possible without the support of the Government of Ontario. Our local government has provided both leadership and financial support to advance our work from feasibility and business planning to pilot stage. Given support across multiple government departments, we believe our government views this as a means of tackling social and environmental problems, advancing innovation, and supporting local economic development.

5. There is a growing constellation of local or regional, impact-focused exchanges in development around the world. The development of local and regional, impact-focused exchanges is moving from a random occurrence to a growing phenomenon. Markets are in development around the world in Kenya, Singapore, England, South Africa, the United States, and Canada. We are a part of that informal mutual support network, and we are particularly interested in the advancements being made in North America, including places like Hawaii and Lancaster. We believe there are great opportunities for collaboration, and we will continue to provide our research and resources to the ongoing development of these similar exchange models.

We hope that you will take the exciting step forward to pass this resolution. We had a similar experience when we began our work in earnest in 2009. It is wonderful that you are taking a similar path, and we are happy to provide support to your development. Please let us know how we can be helpful.

Thank you for your kind consideration of this testimony. Should you have any questions, please do not hesitate to contact me via phone at 416-673-8186 or via email at adam@socialventureexchange.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'AS', with a long horizontal stroke extending to the right.

Adam Spence
Founder and Chair, Social Venture Exchange (SVX)
Manager, Special Projects, Social Innovation Generation (SiG) at MaRS

CPCtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 17, 2011 2:35 PM
To: CPCtestimony
Cc: vnath@accessasia.com
Subject: Testimony for SCR134 on 4/18/2011 2:00:00 PM

Testimony for CPC 4/18/2011 2:00:00 PM SCR134

Conference room: 016
Testifier position: support
Testifier will be present: No
Submitted by: Virendra Nath
Organization: Individual
Address:
Phone:
E-mail: vnath@accessasia.com
Submitted on: 4/17/2011

Comments:

There is a lack of knowledge by investors about available investment opportunities. There is a lack of information available to local entrepreneurs about investors who may be willing to fund expansion projects. A local stock exchange would solve both problems, and it would fill the gap between high level bank lending, and low level national public listings. SEC exemptions appear to allow this to work. A working group to explore the many issues related to this concept is very worthwhile, particularly since it will cost the State of Hawaii hardly any money at all.



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Testimony in Support of Senate Concurrent Resolution 134
Hearing before the House Consumer Protection and Commerce Committee
Monday, April 18, 2011 – 2:00 p.m.
Conference Room 016, State Capitol
415 South Beretania Street, Honolulu, HI

Dear Chair Herkes, Vice-Chair Yamane and Committee Members

Thank you for having this hearing. I know this is a very busy time. Hopefully the work surrounding and resulting from this resolution will be helpful in boosting our economy, creating jobs, and generating tax revenue.

My name is David Fisher and I am speaking in support of SCR 134 which propose creating a study group to look at creating a local stock exchange. My work is business consulting. I spent 19 years opening and operating the University of Hawaii Small Business Development Center on Maui, which I left in September '09 to form my own private practice. Prior to moving to Hawaii in 1989 I spent nine years doing business consulting and economic development in New York City. I have an MBA from New York University and a Bachelors degree from Yale University. Most of my high school was in the island nation of Barbados, which at one-fifth the size of Hawaii, has its own stock exchange.

I am one of the authors of the white paper on developing a local stock exchange and which recommended the creation of the proposed study group. This white paper and other information is located at a web site that we created called <http://HILocalExchange.org>. If you only have a few minutes, I recommend watching a short TED video presentation by Michael Shuman and national advocate for focusing attention on local businesses. This is the most succinct and thorough presentation on the potential and value of creating local exchanges. In short it opens up another source of financing for small businesses, opens up the process to the 98% of Hawaii residents that are prohibited from investing in local small businesses, and hopefully will make it possible for Hawaii residents to have some of their investments in local companies as opposed to putting all of their savings and retirement in Wall Street's Fortune 500 companies.

It is important to emphasize that we are not looking at an exchange that would compete with national or international exchanges. We are looking at Hawaii investors investing in Hawaii companies, and then being able to sell their shares at a later time to other

Hawaii investors. We are looking at supporting both public and private transactions, although what is special about an exchange is its public function. As Chair Herkes as noted there was a Honolulu Exchange that served Hawaii and its local businesses for more than 74 years from 1902 to 1976.

A history of local exchanges, why they went out of business and why they are coming back is provided in testimony for you by Professor Trexler Proffit of Franklin and Marshall College in Lancaster, Pennsylvania. Professor Proffit has developed the Lancaster Local Exchange or LanX which should be starting trading this fall.

You also have testimony from Mike Van Patten an experienced New York stock-broker who has created Mission Markets which he describes as a computer-based alternative investment platform. For over a year, Mission Markets has been match-making qualified investors with companies nationwide who are doing private placements. Mission Markets is planning to expand by creating community portals that could support a local exchange.

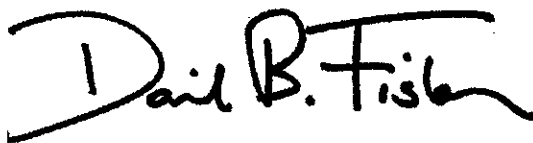
Another person providing testimony for you is one of the users of Mission Markets, Michael Kramer a Big Island investment advisor who lives in Representative Herkes' district and is one of the founding members of the new Hawaii Alliance for a Local Economy which is a chapter of the national Business Alliance for a Local Living Economies where Michael Shuman is the research and economic development director.

A group we have been working closely with is the Toronto Social Venture Exchange. They are working out of a successful life sciences public/private incubator program in down town Toronto. They have received start-up support from the Ontario government and the Rockefeller Foundation and will start trading this June. They have been generous sharing their feasibility study, their operations plan, and software RFP.

We have a lot to learn and a lot of assumptions to examine. But I think it will be worth it. Fortunately, we are not alone. We look forward to working with the DCCA and with you as we go forward.

Creating this study group is the kind of approach that Governor Abercrombie spoke about in his campaign. While the State does not have new money to invest in economic development, we can be innovative by creating public and private partnerships to look at and implement creative ways of encouraging businesses while at the same time protecting consumers. This is what the proposed resolution proposes.

I encourage you to support the resolution.

A handwritten signature in black ink that reads "Dail B. Fish". The signature is written in a cursive, flowing style with a large initial "D".

David B. Fisher
Principal

CPCtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 17, 2011 12:56 PM
To: CPCtestimony
Cc:.mvp@missionmarkets.com
Subject: Testimony for SCR134 on 4/18/2011 2:00:00 PM
Attachments: REQUESTING THE CONVENING OF A WORKING GROUP TO INVESTIGATE THE CREATION OF A LOCALLY.docx

Testimony for CPC 4/18/2011 2:00:00 PM SCR134

Conference room: 016
Testifier position: support
Testifier will be present: No
Submitted by: Michael Van Patten
Organization: Mission Markets Inc.
Address:
Phone:
E-mail: mvp@missionmarkets.com
Submitted on: 4/17/2011

Comments:
REQUESTING THE CONVENING OF A WORKING GROUP TO INVESTIGATE THE CREATION OF A LOCALLY-FOCUSED, HAWAII-BASED STOCK EXCHANGE.

Monday, April 18, 2011

TIME:
2:00 pm

PLACE:
Conference Room 016

State Capitol

415 South Beretania Street

**REQUESTING THE CONVENING OF A WORKING GROUP TO INVESTIGATE THE
CREATION OF A LOCALLY-FOCUSED, HAWAII-BASED STOCK EXCHANGE.**

SCR 134, SD1

(SSCR1052)

Status

**Testifier: Michael J. Van Patten,
CEO/Founder Mission Markets Inc.
www.missionmarkets.com**

Rep. Tom Brower

Rep. Rida T.R. Cabanilla

Rep. Mele Carroll

Rep. Denny Coffman

Rep. Ken Ito

Rep. Gilbert S.C. Keith-Agaran

Rep. Sylvia Luke

Rep. Angus L.K. McKelvey

Rep. Blake K. Oshiro

Rep. Joseph M. Souki

Rep. Clift Tsuji

Rep. Corinne W.L. Ching

Rep. Barbara C. Marumoto

Rep. Cynthia Thielen

Dear esteemed members of the House of Representatives,

I very much appreciate you allowing me to voice my comments and support of the request for the convening of a working group to investigate the creation of a locally focused Hawaii-based Stock and or investment exchange/marketplace.

I am the CEO and founder of a company called Mission Markets which has created the first FINRA and securities regulatory compliant online marketplace that specializes in supporting the flow of capital into companies and organizations whose business models and or products have some positive social and or environmental benefit. The local community investment multiplier has been well documented and as such our focus on sustainable capital has a strong emphasis on enabling communities to support local investment opportunities.

My background includes over 20 years of experience as a capital markets professional that include marketing products and services to both institutional and retail investors as well as the co-founding of an electronic marketplace called NYPPEX in 1998, which is now one of the leading alternative trading platforms for illiquid securities. So I have a deep understanding of the regulations and mechanics of creating capital markets infrastructure.

Core to the business model of Mission Markets is the creation of technology that supports efforts such as The Hawaii Stock Exchange. Our marketplace enables communities and states to start their own "virtual" investment exchanges that can support capital formation of both private and public companies, and do so very cost effectively while also engaging the community of financial services "Gatekeepers" who are the broker dealers and financial advisors, that are needed for such local and or national efforts to thrive.

The request of the Hawaii group is not an isolated situation, there are numerous such efforts developing all around the country, including in the states of Pennsylvania, Ohio and Washington. This has been driven by the lack of the traditional national stock exchanges to meet the capital demand that exists at the local level.

While I am well aware of the failure of the previous Hawaii Exchange in 1976, I strongly feel this new effort, if housed within a technology infrastructure, has the capability of engaging both the investor community and local financial professionals. Such an effort can be very successful in providing a venue where both private companies can raise capital, and companies who wish to be empowered to utilize current regulatory exemptions can access public capital cost effectively.

The first step in the process would be in accessing market demand for a Hawaii Stock Exchange by establishing a pilot project, which could be accomplished using what we at Mission Markets call our "Community Portal". A Community Portal is technology that is housed within our larger "connected" marketplace and uses the now standard online networking tools allowing investors and their advisors to create networks, share investment due diligence and marketing of investment products and services all housed within a securities regulatory compliant infrastructure, but has its own unique local community, in essence a "Hybrid Investment Exchange".

As a strong advocate of the Hawaii Stock Exchange and other similar efforts I am willing to commit my time and technology resources to "prove the concept". Without access to local capital our communities will continue to export jobs and capital to parties that have no real stake, and lead to the continued struggles of our local businesses and neighborhoods.

Sincerely

Michael J. Van Patten

mvp@missionmarkets.com

646-837-6877

CPCtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Friday, April 15, 2011 11:58 AM
To: CPCtestimony
Cc: Howardm@avitarpartners.com
Subject: Testimony for SCR134 on 4/18/2011 2:00:00 PM

Testimony for CPC 4/18/2011 2:00:00 PM SCR134

Conference room: 016
Testifier position: support
Testifier will be present: No
Submitted by: Howard Mendelsohn
Organization: Individual
Address:
Phone:
E-mail: Howardm@avitarpartners.com
Submitted on: 4/15/2011

Comments:

As a Chief Financial Officer for several public companies on the mainland and then a financial consultant for several Hawaii based companies. I can attest to the special difficulties and struggles that Hawaii based businesses have in securing growth capital. While there are a number of interested investors located here, and a wide variety of Hawaii based worthy companies to invest in, the lack of a trusted information or trading "marketplace" for these two groups to meet has served to "hobble" the growth of Hawaii companies. Exploration of a local stock and /or information exchange for Hawaii is a creative and important step to correct this inadequacy and could bring great benefit to the State's business climate and economy over the next few years. I encourage the passage of this measure.

Thank you for your consideration,

Howard Mendelsohn
(808) 757-2829
Howardm@avitarpartners.com