



Destinu
Guåhan

DESTINU GUÅHAN VENTURE CORPORATION APPLICATION

ATTACHMENT C - SSBCI REQUIRED CERTIFICATIONS

CERTIFICATION 1. INVESTEE USE OF PROCEEDS AND CONFLICT OF INTEREST CERTIFICATION

Funds from the State Small Business Credit Initiative (SSBCI) may only be used for certain purposes and in circumstances where the applicable conflict of interest standards are satisfied.

Legal name of Applicant: _____

The Applicant hereby certifies the following:

1. Investment proceeds will be used solely for a business purpose which includes, but is not limited to:
 - a. start-up costs;
 - b. working capital;
 - c. franchise fees;
 - d. acquisition of equipment, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or in the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. SSBCI funds may be used to purchase any tangible or intangible assets except goodwill. The term "business purpose" excludes acquiring or holding passive investments in real estate; the purchase of securities except as permitted in certification 2.d below; and
 - e. lobbying activities (as defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended (2 U.S.C. § 1602(7)).
2. The investment proceeds will not be used to:
 - a. repay delinquent federal or jurisdiction income taxes unless the applicant has a payment plan in place with the relevant taxing authority;
 - b. repay taxes held in trust or escrow (e.g., payroll or sales taxes);
 - c. reimburse funds owed to any owner, including any equity investment or investment of capital for the business's continuance; or
 - d. purchase any portion of the ownership interest of any owner of the business, except for the purchase of an interest in an employee stock ownership plan qualifying under section 401 of Internal Revenue Code, worker cooperative, or related vehicle, provided that the transaction results in the employee stock ownership plan or other employee-owned entity holding a majority interest (on a fully diluted basis) in the business.
3. The Applicant is not:
 - a. a business engaged in speculative activities that profit from fluctuations in price, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business or through the normal course of trade;
 - b. a business that earns more than half of its annual net revenue from lending activities, unless the business is (1) a Community Development Financial Institute (CDFI) that is not a depository institution or a bank holding company, or (2) a Tribal enterprise lender that is not a depository institution or a bank holding company;
 - c. a business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants;
 - d. a business engaged in activities that are prohibited by federal law or, if permitted by federal law, applicable law in the jurisdiction where the business is located or conducted (this includes businesses that make, sell, service, or distribute products or services used in connection with illegal activity, unless such use can be shown to be completely outside of the business's intended market); this category of businesses includes direct and indirect marijuana businesses, as defined in Small Business Administration (SBA) Standard Operating Procedure (SOP) 50 10 6; or
 - e. a business deriving more than one-third of gross annual revenue from legal gambling activities.
4. The Applicant is compliant with the venture capital program conflict of interest standards set forth in Section VIII.f of the SSBCI Capital Program Policy Guidelines. Briefly, these standards provide that no SSBCI insider, or a family member or business partner of an SSBCI insider, has a personal financial interest in the investee unless an exception specified in Section VIII. f of the SSBCI Capital Program Policy Guidelines applies. The terms "SSBCI insider," "family member," "business partner," and "personal financial interest" have the meanings set forth in Section VIII.f of the SSBCI Capital Program Policy Guidelines.

¹ A construction loan permitted under the guidance on passive real estate investment in the SSBCI Capital Program Policy Guidelines will not be considered a speculative business for purposes of SSBCI.

² See chapter 3.A.8.b of SBA SOP 50 10 6 (effective October 1, 2020), which specifies the following with respect to marijuana-related businesses: "Because federal law prohibits the distribution and sale of marijuana, financial transactions involving a marijuana-related business would generally involve funds derived from illegal activity. Therefore, businesses that derive revenue from marijuana-related activities or that support the end-use of marijuana may be ineligible for SBA financial assistance."

The undersigned is an authorized representative of the Applicant.

Signature: _____
Name: _____
Title: _____
Date: _____

CERTIFICATION 2. INVESTOR USE OF PROCEEDS AND CONFLICT OF INTEREST CERTIFICATION

Funds from the State Small Business Credit Initiative (SSBCI) may only be used for certain purposes and in circumstances where the applicable conflict of interest standards are satisfied.

Legal name of Applicant: _____

The Applicant hereby certifies the following to the participating jurisdiction:

1. The SSBCI-supported investment is not being made in order to place under the protection of the approved program prior debt that is not covered under the approved program and that is or was owed by the investee to the investor or to an affiliate of the investor.
2. The Applicant is not attempting to enroll any portion of an SBA-guaranteed loan.
3. For an SSBCI-supported venture capital or equity investment, the investment complies with the venture capital program conflict of interest standards as set forth in Section VIII.f of the SSBCI Capital Program Policy Guidelines.

The undersigned is an authorized representative of the Applicant.

Signature: _____
Name: _____
Title: _____
Date: _____

CERTIFICATION 3. SEX OFFENDER INVESTOR/INVESTEE CERTIFICATION (VENTURE CAPITAL/EQUITY PROGRAM)

Under the State Small Business Credit Initiative (SSBCI), investors and investees must certify that their principals have not been convicted of a sex offense against a minor.

Legal name of Applicant: _____

The Applicant hereby certifies the following to the participating jurisdiction:

No principal of the entity listed above, has been convicted of a sex offense against a minor (as such terms are defined in 34 U.S.C. § 20911). For the purposes of this certification, "principal" is defined as if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds 50 percent or more ownership interest of any class of the partnership interests; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 50 percent or more of any class of equity interest in the entity; and if a partnership where the managing partner is a corporation, limited liability company, association, development company, or other entity, each director and each of the five most highly compensated executives or officers of the entity.

The undersigned is an authorized representative of the Applicant.

Signature: _____
Name: _____
Title: _____
Date: _____