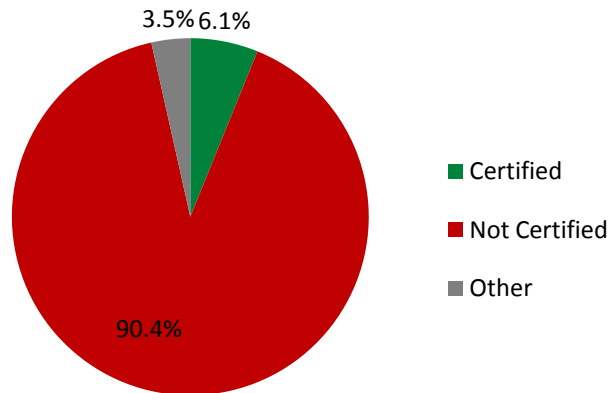


Certification Rates

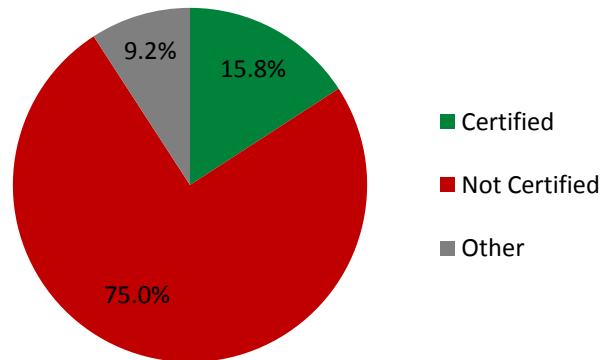
The Department of Small and Local Business Development (DSLBD) does not certify the overwhelming majority of businesses that attend orientation. While the low certification rates are alarming, most of those businesses that attend orientation could become certified with proper advice regarding the law and how it applies to their business. The chart below indicates that less than seven percent (6.1%) of the attendees that attended orientation offered by DSLBD from March 6, 2008 until September 2009 were certified within six months of the orientation.

Attendee Status Six Months after Orientation



Further, DSLBD certified less than 16 percent (15.8%) of all attendees more than nine months after orientation with 75 percent not certified at all and 9.15 percent undeterminable.

Attendee Status More Than Nine Months after Orientation



The conclusion is that DSLBD simply does not certify most businesses that attend the orientation and apply for certification.

Most Businesses Could Be Certified

Virtually all for-profit businesses could become certified with DSLBD provided that they had more accurate information regarding the law and had described the legal and financial structure of the business to DSLBD that was truthful and most advantageous to the business. Some businesses may have to make minor changes to the existing structure to comply with the regulations. A simple cost-benefit analysis can determine if this is profitable for your business. Too often during the application process, businesses seek guidance from DSLBD, a CPA, or an attorney, who may not be intimately familiar with DSLBD's regulations and policies. Some businesses listen to others who have gone through the system and think that they can navigate it as well without too much trouble. This is generally not the best practice since no two businesses, like people, are alike. Because an application worked for one business does not mean that it will necessarily work for another. Proper guidance specific to each business is required.

Avoiding "Red Flags" and Fraud

"Red flags" often occur when a business submits an application describing its operations, office, assets, legal structure, or other aspects in a manner which conflicts with other information or is simply incorrect. Some businesses feel compelled to "stretch the truth" or "bend the facts" so that the business fits within the law. Putting forth false information to the District government may constitute fraud and could be prosecuted by the Office of the Attorney General. Almost every answer entered into the application can raise "red flags" with DSBLD, or worse subject the business to a fraud charge. DSLBD is not only looking to help your business become certified, it is also looking to root out fraud. To avoid "red flags" or fraud, you must understand the law and provide truthful answers that indicate how your business fits within the law.

Most Common Reasons for Non-Certification

There are countless reasons that DSLBD will not approve a particular application. Some of the most common reasons follow. Often businesses fail to provide DSLBD with complete information and/or documentation or simply provide wrong information (approximately 43.6%). DSLBD also denies or rejects applications from businesses that have their current office in Maryland, Virginia, or another state. (approximately 14.8%). Many of these companies may not understand how to restructure themselves to meet the law and rather rely on DSLBD and colleagues in the industry to provide them with assistance. Those applications are almost uniformly denied while almost all of them could be certified. DSLBD will reject applications from non-profit organizations because they cannot be certified under the law. (approximately 13%). However, non-profit organizations can form for-profit subsidiaries to develop specific property and become certified. The remaining reasons that DSLBD rejects or denies applicants are quite varied however virtually every reason for denial can be addressed.

***If your application for certification was denied, you only have 20 days (from the date you received the denial letter) to appeal that decision.** You must act timely. **If your application was closed or rejected, you may be able to apply again immediately.** With the right information and a clean application, your business could be certified. Contact **district business advisors llc** at (202) 821-1827 to discuss how your business could become certified.