

UNIVERSAL BUSINESS INVESTMENT QUALIFICATION STANDARDS

UNIVERSAL BUSINESS INVESTMENT QUALIFICATIONS

Industries, Sub-Industries & Business Types We Invest In *(Applies to all industries, sub-industries & businesses we invest in)*



Automotive & Mobility

- Wholesale Auctions (Physical & Digital)
 - Dealer Groups / Auto Retail Chains
 - New Vehicle Dealerships (Franchise)
 - Used Vehicle Dealerships (Independent)
 - Automotive Manufacturers
 - Automotive Parts Suppliers
 - Auto Repair & Service Centers
 - Collision Repair Centers
 - Fleet Service Providers
 - Roadside Assistance Providers
 - Automotive Software & Technology Platforms
 - Vehicle Logistics & Transport Providers
 - Mobility Services Platforms
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EV Infrastructure & Energy Systems

- EV Charging Hardware Manufacturers
 - Charging Network Operators
 - Energy Storage & Backup Power Providers
 - Battery Manufacturing
 - Battery Recycling & Disposal
 - Grid Integration & Smart Charging Systems
 - Microgrid Infrastructure
 - Renewable Energy Storage Solutions
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Green & Renewable Energy

- Solar Power Developers
 - Wind Energy Developers
 - Hydroelectric Power Projects
 - Geothermal Energy Providers
 - Renewable Energy Equipment Manufacturers
 - Clean Energy Infrastructure Developers
 - Carbon Reduction & Sustainability Technology Firms
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Energy (Oil, Gas & Power Generation)

- Petroleum Exploration & Production
- Oil & Gas Service Companies
- Natural Gas Extraction
- Energy Distribution & Pipelines

- Nuclear Energy Operators
 - Utility-Scale Power Generation
 - Energy Infrastructure Developers
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Manufacturing & Industrial Production

- Industrial Equipment Manufacturers
 - Electronics Manufacturing
 - Heavy Machinery Production
 - Automotive Manufacturing
 - Consumer Goods Production
 - Precision Manufacturing
 - Industrial Automation & Robotics
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US American-Made Products / Domestic Manufacturing

- Industrial Goods Manufacturing
 - Consumer Products Manufacturing
 - Electronics Production
 - Machinery Manufacturing
 - Textile Production
 - Metal Fabrication
 - Specialty Manufacturing
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Healthcare & Medical Services

- Hospitals & Health Systems
 - Physician Services
 - Medical Clinics & Outpatient Care
 - Telehealth Platforms
 - Healthcare Technology Providers
 - Health Insurance Providers
 - Medical Research Facilities
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Pharmaceuticals & Biotechnology

- Drug Development Companies
- Biotechnology Research Firms
- Life Sciences Organizations
- Biopharmaceutical Manufacturing
- Clinical Research Organizations

- Vaccine Development Firms
 - Genomics & Bioengineering Companies
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Technology & Software

- Software Development Firms
 - Cloud Infrastructure Providers
 - Artificial Intelligence Companies
 - Cybersecurity Firms
 - Semiconductor Manufacturers
 - Data Infrastructure Providers
 - Enterprise Technology Platforms
 - Robotics & Automation Companies
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Financial Services

- Commercial Banking Institutions
 - Investment Firms
 - Asset Management Firms
 - Venture Capital Firms
 - Private Equity Firms
 - Financial Technology (FinTech) Platforms
 - Payment Processing Companies
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Retail & E-Commerce

- Consumer Retail Chains
 - Online Marketplaces
 - Grocery Retailers
 - Big Box Retailers
 - Direct-to-Consumer Brands
 - Specialty Retailers
 - Retail Technology Platforms
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Transportation & Logistics

- Freight Transportation Providers
- Trucking Companies
- Rail Transportation Systems
- Aviation Cargo Providers
- Maritime Shipping & Port Operators

- Supply Chain Management Firms
 - Logistics Technology Companies
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Construction & Infrastructure

- Commercial Construction Firms
 - Residential Developers
 - Heavy Civil Construction Companies
 - Engineering & Design Firms
 - Infrastructure Development Companies
 - Public Infrastructure Contractors
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Agriculture & Food Production

- Crop Farming Operations
 - Livestock Production
 - Agricultural Technology (AgTech) Companies
 - Food Processing Facilities
 - Food Distribution Companies
 - Agricultural Equipment Manufacturers
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STANDARD BUSINESS QUALIFICATION REQUIREMENTS

1 Strong Financial Health

Minimum Standards:

-  24–36 months operating history (preferred)
-  Positive gross margins
-  Clear path to EBITDA profitability (or already EBITDA positive)
-  CPA-prepared financial statements
-  Debt-to-equity within industry norms
-  No undisclosed tax liens, UCC conflicts, or insolvency risk

Red Flag:

- Cash burn without improving unit economics
 - Founder loans masking structural losses
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2 Proven Revenue Model

Must demonstrate:

- Recurring or repeatable revenue streams
- Diversified customer base (no client >25% revenue)
- Clear pricing power
- Signed contracts or purchase orders (where applicable)
- Realistic sales pipeline supported by data

As a lender, predictable cash flow is prioritized over projections.

3 Legal & Regulatory Compliance

Mandatory across all industries:

- Proper state and federal licensing
- Dealer licenses (if applicable)
- DOT compliance (transporters / fleets)
- EPA compliance (energy & recycling operations)
- UL / CE / safety certifications (hardware)
- FCC approvals (electronics & communications devices)
- Franchise agreements (franchise businesses)
- IP protection (patents, trademarks, ownership clarity)

Zero tolerance for regulatory gray areas.

4 Strong Leadership Team

Minimum expectations:

- Experienced executive leadership
- Clear role division
- No unresolved litigation history
- Strong operational management
- Demonstrated crisis management ability

Bonus:

- Founder maintains meaningful equity
 - Industry advisory board
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5 Asset Backing or Collateral

Acceptable collateral types depending on industry:

- Inventory assets
- Equipment or machinery
- Real estate assets
- Contracts or recurring revenue agreements
- Accounts receivable
- Patented IP

Unsecured lending requires:

- Higher interest rate
- Personal guarantees strongly preferred

6 Scalable Business Model

Look for:

- Expanding geographic reach
- Replicable systems
- Growing total addressable market
- Technology leverage
- Network effects

Avoid:

- Single-location businesses with stagnant growth.

7 Competitive Advantage

Must possess at least one:

- Exclusive supply agreements
- Unique IP
- Brand strength
- Regulatory advantage
- Strategic partnerships
- High switching costs

Commodity businesses = higher risk.

8 Clean Capital Stack

Understand:

- Senior vs subordinate debt
- Convertible notes
- Cap table clarity
- Existing liens
- Personal guarantees

If you are junior in stack → price accordingly.

9 Insurance Coverage

Mandatory coverage (as applicable):

- General liability
 - Product liability (manufacturers)
 - Cyber insurance (platforms / software)
 - Errors & Omissions (tech firms)
 - Garage liability (dealers)
 - Environmental insurance (energy / battery sectors)
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10 Clear Use of Funds

Never fund:

- Payroll band-aids
- Covering prior bad debt
- Founder lifestyle

Acceptable uses:

- Inventory expansion
 - Equipment purchases
 - Facility expansion
 - Manufacturing scale-up
 - Working capital tied to contracts
 - Regulatory certifications
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SEC COMPLIANCE REQUIREMENTS

Businesses raising capital must comply with **U.S. Securities and Exchange Commission regulations**.

Regulation D Compliance

Common exemptions used for private offerings:

- Rule 506(b) — private placements with limited non-accredited investors
 - Rule 506(c) — general solicitation allowed with accredited investors only
 - Rule 504 — smaller capital raises
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Form D Filing Requirements

Businesses conducting Regulation D offerings must:

- File **Form D with the SEC**
 - Submit filing **within 15 days of the first sale of securities**
 - Disclose executives, ownership structure, and offering terms
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Broker-Dealer Compliance

If securities are sold through intermediaries:

- Intermediaries may need to register as **broker-dealers**
- Broker-dealers must register with **SEC and FINRA**
- Transaction-based compensation may trigger broker-dealer registration

Failure to comply may invalidate an offering.

Private Placement Disclosure

Businesses raising private capital should provide:

- Private Placement Memorandum (PPM)
- Financial statements
- Risk disclosures
- Use-of-proceeds statements
- Capitalization tables

Failure to disclose material information may constitute securities fraud.

SECTOR-SPECIFIC UNDERWRITING REQUIREMENTS

 Now tailored specifically to key industries.

Dealerships & Auctions

Must show:

- Inventory turn ratios above industry average
 - Floorplan financing discipline
 - Clean title management
 - Arbitration loss ratios
 - Service department profitability
 - OEM compliance
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Roadside Assistance Providers

Must demonstrate:

- Active service contracts
 - Fleet asset ownership clarity
 - Response-time metrics
 - Insurance coverage for roadside incidents
 - Dispatch system efficiency
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EV Charging Hardware Manufacturers

Must show:

- UL certification
 - Manufacturing QA protocols
 - Supply chain resilience
 - Component sourcing agreements
 - Warranty reserve allocation
 - Field reliability data
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Charging Network Operators

Must demonstrate:

- Utilization rates per charger
 - Host site agreements
 - Grid interconnection approvals
 - Software uptime metrics
 - Payment processing stability
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Energy Storage / Battery Manufacturers

Critical requirements:

- Fire suppression compliance
 - Hazardous material licenses
 - Thermal management validation
 - Third-party safety testing
 - Mineral sourcing transparency
 - Recycling partnerships
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Software & Embedded Systems Providers

Must demonstrate:

- Annual recurring revenue growth
 - Low churn (<10% ideal)
 - Code ownership
 - Clean architecture
 - Scalable cloud infrastructure
 - Cybersecurity protocols
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