



Direct Investment Program

Frequently Asked Questions for Founders

What are SSBCI funds and how are they deployed?

- SSBCI stands for State Small Business Credit Initiative. It's an economic program originally authorized under the Obama administration and on part of the US Department of Treasury.
- Funds are managed and deployed under the **Co-Investing Venture Capital Equity program composed of the following two models:**
 - Direct Investing Model (LA Growth Fund)
 - Fund Investing Model

How does LA's Growth Fund make direct investments?

- LA's Growth Fund operates as the program's direct investment arm, making individual equity investments directly into companies.
- These investments are structured using standard investment vehicles—Convertible Notes or Priced Equity (SAFEs are not accepted).
- Each deal requires the founder to independently secure all matching capital at the deal level.

Who manages the LA Growth Fund?

- Yellow Ventures is the contracted entity brought on by LED to manage the Growth Fund. They will be conducting diligence, negotiating deal terms, and making overall investment decisions for the fund.

Are the qualifications the same for direct and fund investing models?

- Yes, except the matching capital portion. The direct investing model requires the founder to find matching capital and the fund investing model does not.

Who are the SSBCI Fund partners?

- Boot64, Propeller, New Orleans Startup Fund, Ochsner Ventures, Idea Village, Greaux Innovation, and Tulane Innovation.

How do I qualify for SSBCI funding?

- You need to be a domiciled company with majority of operations in Louisiana and registered to do business with the LA Secretary of State.
- LA Growth Fund's thesis focuses on C-Corporations with scalable business models that are generating some revenue. We're industry agnostic but will not invest in lifestyle companies. Our check size ranges from \$250,000 - \$1M.

What is the average dollar amount match per direct investment?

- Depends on each company, stage, risk, deal terms, the total amount being raised and the amount of matching capital raised.

How do I apply for funding?

- The direct investment application is anticipated to launch on Monday 6/2. We will send out an announcement to the ecosystem and have a link on the [LA.IO](#) website.
- Submitting a completed online application is a required first step to this process.
- All submissions will be reviewed, and only selected applicants will be contacted for next steps.

How does the 1-1 match work for the direct investing model?

- For every \$1 dollar in private funding raised, LA Growth Fund can/will match (up to) that with another \$1.
 - Example: A founder has obtained \$100,000 in private funding, LA Growth Fund can match with an additional \$100,000 investment under the same terms.

Does matching private capital need to come from an Investor(s) or investment entity located here in Louisiana?

- No - private capital can come from any entity or investor located anywhere in the US.

Can I receive SSBCI capital from both a participating venture fund (Fund Program) and LA's Growth Fund (Direct Investment Program)?

- Yes, but if a partnering venture fund makes an investment in a round and matches their investment with their own allotment of SSBCI capital, that partner fund's capital cannot also be matched by LA Growth Fund. Additional private capital would need to be raised

for the LA Growth Fund match.

Is the matching capital mandate applicable to both fund and direct investing program(s).

- Yes.

Can you explain the 90 day “go-back period” on matched funds for the direct investing model?

- LA’s Growth Fund can/will match funds that have been secured no more than 90 days from when an SSBCI investment is/was executed. Essentially, the founder should be actively raising capital for their company, or can obtain the funds to match the Growth Fund’ contribution.
- Three Examples:
 - Example A: (all approved matching funds)
 - Founder secures \$350K investment over January and February 2025 timeline (money in the bank).
 - LA Growth Fund makes approved SSBCI capital matching investment of \$350K in March 2025 (falls within the 90 day look back from March 2025)
 - Example B (some approved matching funds)
 - Founder secures \$200K investment in January 2025 and \$150K investment in March 2025
 - LA Growth Fund makes approved SSBCI capital investment of \$150K in May 2025 - the \$200K does not qualify (outside 90 day look back from May 2025)
 - Example C (no approved matching funds)
 - Founder secures \$200K investment in October 2024
 - LA Growth Fund does not make an SSBCI capital investment at all - the \$200K does not qualify (outside 90 day look back from May 2025)

What type of funds qualify as private matching capital?

- Investment capital from Angels, Venture Capital funds, Private Equity, Family Office and High Net Worth Individuals all qualify.
- Founder investment, Loans, Grants, Crowdfunding and any other SSBCI capital do not qualify.

How many times can I receive LA Growth Fund matched funds?

- LA Growth Fund matches at the deal level and can participate in follow-on funding opportunities.

How long will diligence take and what is needed during that process?

- Diligence is a 4-6 week process. Yellow Ventures will conduct legal, operational, and financial diligence as the contracted entity managing the Growth Fund.
- Operational diligence will cover the 5 P's - the People, Problem, Progress *to date*, Price, and Product.
- Partnering Venture Funds have their own diligence processes.

Who makes final approval for all SSBCI investments for LA Growth Fund?

- Yellow Ventures is the contracted entity brought on by LED to make all final decisions on LA Growth Fund investments.
- VentureFunds have their own approval process and committee.

If approved, how long until I get access to capital under the direct investment program?

- Up to a week after Yellow Ventures approves the transaction and as long as there are no issues with paperwork or matching capital.
- Partnering Venture Funds have their own timeline.

Does the funding round matter to apply for matched funds?

- Yes, LA's Growth Fund primarily targets companies raising Seed to Series A rounds.
- The total amount raised cannot be greater than \$20M and applies to both the Direct and Fund investing models.

What company structure is needed for an SSBCI investment?

- The company structure should be a C-Corp. We cannot invest in LLCs or S-Corps.
- If a company is currently an LLC but willing to convert to C-Corp, we kindly ask that the conversion occur before an application is submitted.

Are there specific industries SSBCI does not invest in?

- LA Growth Fund does not invest in lifestyle companies.

How much lead time should I give regarding incoming funding so we can kickstart diligence?

- Diligence will take 4-6 weeks. Please plan to apply with an adequate amount of time to coordinate this report.

How can I prepare for the diligence process after I've submitted my application?

- Please prepare your dataroom according to our checklist, linked [here](#).

- These documents are required and diligence cannot begin until they're available in the dataroom.

Is SEDI a requirement for funding?

- Treasury and the Growth Fund aim to prioritize investments that benefit Socially and Economically Disadvantaged Individuals (SEDI). While the SSBCI program targets this group as a goal, it's not mandatory for a company seeking funding to meet this criteria. Companies are eligible to apply for matched funds irrespective of their alignment with SEDI goals.
- If this is indicated in a company's application, it allows us and the Treasury to measure the success of the SSBCI program. It will not harm your application in any way.

Will LA Growth Fund lead my current round or do I need a lead investor?

- LA Growth Fund can lead priced rounds.
- Contracted Venture Funds can lead a round however it has to be with private capital and not SSBCI.

Can I provide you another group's diligence report to speed up the process?

- We are not allowed, per the SSBCI guidelines, to utilize another group's diligence report, though it can be referenced. The final diligence report completed must be our own independent findings of the company's structure and organization.
- This applies to both the Direct and Venture Fund investing models.

If a private investment fund is investing in my company, do I have to go through two diligence processes? One with LA Growth Fund or Venture Fund and one with the private investment fund?

- Yes, LA Growth Fund conducts independent due diligence procedures regardless of any other due diligence processes conducted. However, as part of its research, Growth Fund managers engage with and collaborate with other participating investors which in many instances can accelerate the entire process.
- Contracted Venture Funds have their own process and policy regarding due diligence.

Still have questions after reviewing this FAQ?

Feel free to reach out to Yellow Ventures LA at admin@yellowventures.vc with specific inquiries.