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FINANCING AMERICA'S MANUFACTURING AND INDUSTRIAL BOOM

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

OF THE

UNITED STATES SENATE

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

MAY 14, 2025

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WEDNESDAY, MAY 14, 2025

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The committee met, pursuant to notice, at 2:35 p.m., in Room 428A, Russell Senate Office Building, Hon. Joni Ernst, chairwoman of the committee, presiding.

Present: Senators Ernst [presiding], Young, Hawley, Markey, Cantwell, Shaheen, Rosen, and Hickenlooper.

OPENING STATEMENT OF SENATOR ERNST

CHAIR. I call the Committee on Small Business and Entrepreneurship to order, and I apologize for my tardiness. I am excited to hold this hearing to discuss opportunities to reignite investment in small American manufacturers and ensure our industrial future is built right here at home.

America is and has always been a nation of builders. Men and women who roll up their sleeves, put in a hard day's work and take pride not just in what they make, but what it means for their families, their communities, and their country. That entrepreneurial spirit is in our DNA.

For far too long Washington looked the other way as factories and farms shut down and the jobs that once sustained many U.S. families were shipped overseas. Despite the importance of domestic industrial production to our national security, production of critical goods was offshored to foreign countries. In doing so, we've made ourselves dependent on an international supply chain offering fast, mass-produced goods, mostly coming from China.

This came at a cost, not just economic, but strategic. In January of this year, the U.S. recorded a $29.7 billion trade deficit with China. We've been massively reliant on our chief adversary for the goods and services we consume. Today, the manufacturing sector comprises only 10.1 percent of America's gross domestic product, a figure trailing most other industrialized nations. We've left ourselves economically beholden to the rest of the world and hollowed out our industrial core that once employed millions of Americans.

We cannot accept that status quo. I believe in a great American comeback, one driven by the world's most talented workforce and a new era of domestic manufacturing ensuring this nation's economic security. We can make "Made in America" the norm instead of the exception.

Thanks to President Trump's leadership, we are already seeing the early signs of a manufacturing revival and industrial boom in Iowa and all across the country. No group is more eager to lead this charge than small manufacturers who make up 98 percent of all manufacturing firms in the United States. They're ready to build, ready to grow, and they want to do it here in the United States.

But Washington needs to do its part. It's time Congress acts to ensure that the federal government does not stand in the way of small manufacturers. We must empower them by providing them the tools they need to generate new jobs, to rebuild and fortify American supply chain stability, and to reduce our reliance on other countries, including adversaries.

However, breaking ground on new manufacturing facilities or upgrading existing ones is a major investment. In many cases, these projects require long-term financing options, which can be particularly difficult for small businesses to access. That is why I was proud to introduce the Made in America Manufacturing Finance Act, along with another member of this committee, Senator Coons. This bipartisan legislation would double the SBA-backed loan limit from $5 million to $10 million for small manufacturers.

By allowing manufacturers to access greater capital, my legislation encourages small manufacturers to invest in their operations and support the training and expansion of our manufacturing workforce. This is about leveling the playing field for American manufacturers on the world stage. It is a straightforward, common sense and bipartisan solution to unlock the potential small manufacturers have to secure our national and economic security.

I am also interested in how we can leverage another SBA program, the Small Business Investment Company, SBIC, to support small manufacturers. This program supports the flow of private capital to small businesses across the country.

I'm grateful that we're joined today by Mr. Mickelson from Iowa and Mr. Geis from Missouri who invest in small businesses across the heartland through the SBIC program. I look forward to hearing from all our witnesses about how we can best align SBA programs and private investment to spark America's next industrial boom. The independence, prosperity, and security of our next generation depends on it.

Thanks to our witnesses for being here today, and I look forward to your testimony. And with that, I now recognize Ranking Member Markey for his opening statement.

STATEMENT OF SENATOR MARKEY

Senator MARKEY. Thank you, Madam Chair, so much. And we are here to talk about small business manufacturers, which contribute to our local economies and provide well-paying jobs for American workers. But we must address the elephant in the room when it comes to American manufacturing, Trump's destructive small business killing tariffs.

The Boston Globe, on Friday, that is five days ago, the headline is Massachusetts Port Authority. That's the entry point for New England. They expect shipping volume in June to decrease by 35 percent compared to last year. That's in June. And we do know this, you know, when there's a 35 percent decline in those containers coming in, that's the trade. That's what helps manufacturers.

There are about 40,000 small manufacturers who are hit by tariffs at both ends as importers and as American producers, who are going to be affected by this and they're the most vulnerable. Those aren't the big companies. Those are the little companies. They just live month to month. And so that's a very dangerous development. We can't afford to have a one third reduction in New England of the containers coming in. That is trade.

And the biggest issue for small businesses, whether they are manufacturers or clothing shops or restaurants or hardware stores, is the uncertainty caused by Trump's rollercoaster tariff policy. Over the past month, the mood on Main Street has soured. Small business owners planning to hire new employees has fallen to a four-year loan, as sales decline and the future remains uncertain. And unlike large corporations, small businesses cannot absorb tariff costs and ride out the storm, even as the vast majority of small businesses are seeing massive tariff induced cost hikes, this administration is offering exemptions for billion-dollar corporations.

If you can get a dinner invitation to Mar-a-Lago like the heads of Apple and Google, you can secure an exemption for your industry. But no small businesses receive support from this Administration on how to navigate these constant policy changes. And meanwhile, these tariffs are destroying the small manufacturing growth we saw during the Biden Administration.

In fact, the Biden Small Business Administration made more than $10 billion in loans to small manufacturing, contributing to 775,000 new manufacturing jobs. President Trump likes to play the hero, but in his first term, his SBA made $2 billion less in small manufacturing loans than the Biden Administration, and they lost 200,000 manufacturing jobs. And now in his second term, he is hitting small manufacturers where it hurts. The cost of building a factory is skyrocketing because of the tariffs. The Trump tariffs are not a recipe for a manufacturing boom. They're a recipe for manufacturing doom.

My witness today who makes guitar pedals in Akron, Ohio did not have the opportunity to dine with the President of Mar-a-Lago. Now she is unsure if her small manufacturing business will survive the uncertainty and crushing cost increases unleashed when the President began his trade war on Main Street, turning Main Street into Pain Street. They're the ones who are feeling this most adversely.

President Trump has kneecapped small businesses that build high quality products here in the United States, because of his naive and misguided vision of how supply chains work. With very few exceptions, American companies that build here must rely at least to some extent on components made elsewhere. We can't have 35 percent fewer containers coming into America, into the Port of Boston of New England. This includes the 40,000 small manufacturers who are being crushed by tariffs at both ends, as importers buying parts and as exporters facing retaliatory tariffs.

So, I've heard from small businesses in Massachusetts, there's a paranoia which has set in and I've heard from all across America about the impacts of these tariffs. Last week, I spoke with Brandale Randolph, founder of 1854 cycling company, an electric bike manufacturer based in Massachusetts. Brandale shared with me that his company finally recovered from the $45 million, which they lost during COVID, only to now be forced to decide whether or not they can weather this new disaster. The message from 1854 and other small businesses across the country is clear; these tariffs are going to put them out of business.

And that's why last week I introduced the Small Business Liberation Act, to exempt small businesses from the Trump tariffs, just exempt them. Small business owners are our neighbors, our friends, our family. We must provide the necessary relief so that they can operate and grow and succeed. They're not Democrat or Republican businesses. They're not blue or red small businesses. This should not be a partisan issue.

The National Chamber of Commerce has said that we should exempt small businesses. I'm with the National Chamber of Commerce. They're speaking for every Chamber of Commerce all across the country, exempt small businesses from the tariffs. I have introduced the legislation; we should try to find a way to expedite its passage on the floor of the Senate. I thank you, Madam Chair.

CHAIR. Thank you, Ranking Member Markey. Again, I want to extend a warm welcome to all of our witnesses for being here today. And I'll now introduce the three witnesses who are testifying today on behalf of the majority. And I am thankful that you all took time out of your busy schedules to share your expertise on SBA's Small Business Investment Company program and attracting investment to manufacturing.

And I am going to start with Mr. John Mickelson, who is an Iowan, and he is the co-founder and the managing partner for Midwest Growth Partners, an Iowa-based private investment partnership founded in 2013. Midwest Growth Partners is a licensed rural business investment company and small business investment company.

Mr. Mickelson previously served as a West Des Moines city councilman—and thank you very much for your service—served on the board of the State Historical Society of Iowa and currently serves on the board of the Small Business Investor Alliance and the Young President's Organization, Iowa.

He received his JD, his MBA, and his BBA from—what university was that? The University of Iowa. So, from a Cyclone to a Hawkeye, sorry you couldn't get into Iowa State. So anyway, thank you John very much. And I will also note he was a letter winner on the University of Iowa's football team. So, to that "Go Hawkeyes."

Next, Mr. Brian Riley is the founder and CEO of Guardian Bikes, a children's bicycle manufacturer based in Seymour, Indiana. He previously was the founder and CEO of SureStop, a company that developed, patented, and commercialized a proprietary braking technology for bikes. Mr. Riley holds a bachelor's degree from California Polytechnic State University.

Our third witness, Mr. Benjamin Geis, is a managing director of Eagle Private Capital. He formerly served as Chief Financial Officer of the Fund Manager. Prior to January of 2004, Mr. Geis was in the assurance and business advisory practice of PricewaterhouseCoopers, LLP, where he started his career.

He holds an undergraduate business degree from Rockhurst University and is a member of the American Institute of Certified Public Accountants, and the Missouri Society of Certified Public Accountants. And thank you again. And I will go ahead since Senator Markey stepped out to go vote, I'll go ahead and introduce you Ms. Robbins.

It's Ms. Julie Robbins, and she is the CEO of EarthQuaker Devices, a guitar effect pedal manufacturer based in Akron, Ohio. She was previously a financial planner at First Merit Bank. Ms. Robbins has a bachelor's degree from Baldwin Wallace University. And thank you Ms. Robbins for being with us today as well.

And so, with that, we will start the witness testimony and you will each have five minutes for your testimony and we will start with Mr. Mickelson. You're recognized.

STATEMENT OF MR. JOHN MICKELSON, MANAGING PARTNER, MIDWEST GROWTH PARTNERS, WEST DES MOINES, IOWA

Mr. MICKELSON. Thank you, Chair for the introduction, at least at least most of it except for the Iowa State part. And thank you distinguished members of the committee for welcoming us today.

My name's John Michelson and I'm the co-founder and Managing Partner of Midwest Growth Partners, a private investment partnership located in Des Moines, Iowa. Midwest Growth Partners was established in 2013 with a thesis that institutional capital doesn't flow to many markets where it is needed.

Notably, small businesses in rural areas don't have a natural conduit to capital like larger enterprises or businesses in more populated areas. But those overlooked markets have great businesses, who employ more than 23 million individuals in the U.S. and who need access to capital in order to grow or to facilitate orderly succession plans as business owners retire. Over 12 percent of jobs in rural America—2.6 million—are in manufacturing.

Our investors include community banks, members of the farm credit system, commodity advocacy groups such as the Iowa Corn Growers and Rural Electric co-ops. They want financial returns for their investment, but they also value supporting U.S. based small businesses.

Midwest Growth Partners has invested in 42 such small businesses via two USDA Licensed Rural Business Investment Company vehicles or RBICs, and one SBA, licensed Small Business Investment Company vehicle or SBIC. Starting with seven employees after our first investment in 2014, today, Midwest Growth Partners companies employ more than 3,000. These jobs all provide living wages, benefits, much needed off-farm income for families. The average net job growth at each of our portfolio companies is over 20 percent.

Smaller businesses, particularly those in low income or rural areas, tend to have more difficulty accessing traditional sources of capital because they don't have the balance sheets of big businesses and are therefore seen as too risky. This is where RBICs and SBICs fill the gap with capital.

Established in 2002, RBICs fill small business capital gap by providing patient investments for small businesses throughout rural America. Today there are 22 RBICs in operation with over 1.7 billion in committed capital. SBICs have been around since 1958. SBIC funds are private investment vehicles that pool capital from institutional investors with leverage from the SBA, which is invested into businesses to help them grow. There are 318 SBICs with over 46 billion in committed capital and SBA leverage. About 20 percent of those dollars are invested in small manufacturers, all of which are domestic.

I'd like to provide you with a few examples of the impact that has been made by Midwest Growth Partners Investments, thanks in part, to the RBIC and SBIC programs.

The first is AgCertain, which is a manufacturer of refined glycerin and specialty edible oils located in Boone, Iowa, a community of 12,000. When Midwest Growth Partners invested in 2019, AgCertain employed 22 people. Today they have 42. In addition to the employment growth, the company has invested more than $32 million in capital improvements in the facility, including refinery upgrades, installation of a storage tank farm, pipe racking creation of two rail spurs, a storm water container facility, and a new boiler.

Another example would be Shells By Design. A manufacturer of tart shells and desserts located in Garner, Iowa, population 1,200. When Midwest Growth Partners invested in the Shells platform in 2023, they had 40 employees. Today they have 67. In addition to the job growth the company has spent more than $500,000 in facility improvements and incorporated automation into their manufacturing process.

Success stories like these manufacturing companies in small town Iowa don't happen accidentally. Innovative entrepreneurs, a dedicated workforce and capital formation are critical to continue to create more of these successes and the need is there. Midwest Growth Partners routinely reviews more than 800 opportunities a year and executes approximately five.

Capital formation can only be accelerated by providing a regulatory and policy environment which is reliable for parties in the capital markets. A good example of encouraging this is the bipartisan investing in All of America Acts. In this Congress, the bill was introduced in the house in March, with a key improvement to direct more investment in domestic manufacturing.

As mentioned previously, about 20 percent of all SBIC investments are made in small manufacturers, and if enacted, this legislation can unlock significantly more for our domestic industrial base.

The investing in All of America ACT would: increase capital for the SBIC program which is market driven, and a hundred percent used for American small businesses, would specifically target markets like where Midwest Growth Partners is investing today, such as rural and low-income geographies, and finally it would provide leverage for small manufacturers additional leverage. This is all done without new spending, new appropriations, new subsidies, or new mandates.

Thank you, and I would welcome any questions that you have.

[The prepared statement of Mr. Mickelson follows.]

Testimony of John Mickelson

Co-Founder and Managing Partner of Midwest Growth Partners

FINANCING AMERICA'S MANUFACTURING AND INDUSTRIAL BOOM

Russell Senate Office Building, Room 428A

Wednesday May 14, 2025, 2:30PM EST

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Good afternoon distinguished members of the committee, and thank you Chair Ernst for the introduction. My name is John Mickelson, and I am the Co-founder and Managing Partner of Midwest Growth Partners, a private investment partnership located in Des Moines Iowa, with an additional office in Omaha, Nebraska.

Midwest Growth Partners was established in 2013 with a thesis that institutional capital doesn't flow to many markets where it is needed. Notably small businesses and companies that are in small communities, which are often in rural areas, don't have a natural conduit to capital like larger enterprises or businesses in more populated areas. But those overlooked markets have great businesses who employ more than 23 million[1] individuals in the US and who need access to capital in order to grow or to facilitate an orderly succession plan as owners retire. Over 12% of jobs in rural America – 2.6 million – are in manufacturing.[2]

Our investors include community banks, members of the farm credit system, commodity advocacy groups such as the Iowa Corn Growers, rural electric co-ops, and successful families. They want financial returns from their investment, but they also value supporting US-based small businesses.

Since its founding, Midwest Growth Partners has invested in 42 small companies, via two USDA licensed Rural Business Investment Company vehicles (RBIC) and one SBA licensed Small Business Investment Company vehicle (SBIC). Starting with seven employees after our first investment in 2014, today Midwest Growth Partners companies employ more than 3,000. These jobs all provide living wages, benefits, and much-needed off-farm income for families. The average net job growth at each of our portfolio companies is 20.5%.

Both the RBIC and SBIC programs are successful public private partnerships that bring investment capital to areas often overlooked by the nation's financial centers. Traditionally, banks help finance small businesses that have a stable revenue history and assets to borrow against.

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[1] See *Rural America at a Glance 2022 Edition*, USDA, available at Rural America at a Glance: 2022 Edition

[2] Id.

Unfortunately, smaller businesses, particularly those in low-income or rural areas tend to have more difficulty accessing traditional sources of capital because they don't have the balance sheets of big businesses and are therefore seen as too risky.

This is where RBICs and SBICs fill the gap with the first institutional capital to be deployed into the small business. This capital fortifies the small business's balance sheet enabling them to grow and eventually access conventional bank capital.

Established in 2002, RBICs fill the small business capital gap by allowing funds to provide patient, more flexible investments for small businesses throughout rural America. Today, there are 22 RBICs in operation with over $1.7 billion in committed capital. Unlike SBICs, RBICs cannot draw leverage from the federal government so all commitments are private capital.

SBICs have been around since 1958. SBIC funds are private investment vehicles that pool capital from institutional investors with leverage from the SBA which is invested in businesses to help them grow. There are 318 SBICs with over $46 billion in committed private capital and SBA leverage. About 20% of those dollars are invested in small manufacturers, all of which are domestic.

I'd like to provide you with a few examples of the impact that has been made by Midwest Growth Partners investments thanks, in part, to the RBIC and SBIC programs.

AgCertain – is a manufacturer of refined glycerin and specialty edible oils and is located in Boone, Iowa, a community with a population of 12,000. When Midwest Growth Partners invested in 2019, AgCertain employed 22 people. Today they have 42. In addition to the employment growth, Midwest Growth Partners and its other partner owners have invested more than $32 million in capital improvements in the facility including refinery upgrades, installation of storage tank farm and pipe racking, creation of two rail spurs, a storm water containment facility, a new boiler, and various utility upgrades.

Another example would be Shells By Design, a manufacturer of innovative tart shells and desserts located in Garner, Iowa, population 1,200. When Midwest Growth Partners invested in the Shells platform in 2023, they had 40 employees. Today they have 67. In addition to the job growth, Midwest Growth Partners has spent more than $500,000 in facility improvements and incorporating automation equipment into manufacturing processes.

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Success stories like these manufacturing companies in small town Iowa don't happen accidentally. Innovative entrepreneurs, a dedicated workforce, and capital formation are critical to continue and create more of these successes. And the need is there. Midwest Growth Partners routinely reviews 800 investment opportunities a year and executes approximately five.

Capital formation can only be accelerated by providing a regulatory and policy environment which is reliable for parties in the capital markets. A good example encouraging this is the bi-partisan Investing in All of America Act, led last congress in the Senate by Senator Hickenlooper of Colorado and Marshall of Kansas and Representative Meuser of Pennsylvania and Scholten of Michigan in the House. This Congress, the bill was reintroduced in the House (H.R. 2066) in March with a key improvement to direct more investment in domestic manufacturing. As mentioned previously, about 20% of all SBIC investments are made in small manufacturers and if enacted, this legislation can unlock significantly more for our domestic industrial base.

The Investing in All of America Act would (1) increase capital to the SBIC program which is market-driven and 100% used for American small businesses; (2) specifically target overlooked markets like where Midwest Growth Partners is investing today such as rural and low-income geographies; and (3) provide bonus leverage for small manufacturers. This is all done without new spending, appropriations, subsidies, or mandates.

Thank you and I would welcome any questions you have.

CHAIR. Thank you very much. And next, Ms. Julie Robbins, you're recognized.

STATEMENT OF MS. JULIE ROBBINS, CEO, EARTHQUAKER DEVICES, AKRON, OHIO

Ms. ROBBINS. Thank you, Chair Ernst and all the members of the committee. I appreciate the opportunity to share my experience. I'm the co-owner and CEO of EarthQuaker devices, a guitar effect pedal manufacturer located in Akron, Ohio, and a member of Main Street Alliance.

As someone who has devoted my life to running a small U.S. manufacturing business, with a background in banking and in education and economics, I have many suggestions and recommendations on this topic. However, without immediate relief from the tariffs and ensuing trade war, U.S. manufacturing companies like mine will not survive the summer.

I founded EQD with my husband, Jamie Stillman, 20 years ago. And after all the challenges and struggles we have faced over the years, I never imagined that the greatest existential threat to our company would come from our own government. Since the tariffs and ensuing trade war have gone into effect, our business and industry overall have suffered dire consequences.

Our costs have increased and our sales have fallen. Overall, year to date, our sales are down 15 percent. April was down 33 percent. We operate on a very thin margin to pay our employees living wages and competitive benefits. If these losses persist or widen beyond the next month, we will have no option but to scale back benefits and reduce our workforce.

Our company grew very much by the bootstraps, by starting small and continuously investing in the business. We have utilized the services of the SBA via a 7(a) loan. Our local export focused SBDC at Cleveland State University, for step funded export training and matching grants and the Ohio TechCred grant to upskill employees. We also extensively use the services of Magnet, a Cleveland based national Manufacturing Extension Partnership program, for consulting education and networking.

Today we have 35 employees and we are a 100 percent USA-based manufacturer, producing over 50,000 pedals per year. However, the raw materials used for our products are sourced from abroad because there are no viable domestic manufacturers of the electronics components we use in our products. While the components originate overseas, we mostly purchase them from wholesalers located in the USA.

To be clear, it would have always been a more affordable option for us to manufacture overseas and another country such as China. However, our values are to create and maintain good jobs in our hometown, so we absorb the extra expense to make this work.

Akron suffered greatly after rubber manufacturers moved their operations abroad in the seventies and eighties, and growing up in that environment shaped our mentality on this. No matter what anyone may claim on our behalf, it is not a cost-effective solution to source or manufacture our components in the U.S. It is especially not feasible in the shorter intermediate term due to the unstable market conditions which have caused a cash flow crunch.

Prior to the new tariffs in 2025, we paid approximately a dollar 40 per panel for blank PCBs from our longtime trusted supplier. Searching for a domestic alternative, the prices ranged from $20 and 70 cents to $31 and 19 cents per panel. That is not a viable option and would push our prices up far beyond what the market will bear, and that is just one of the components that we use. We have delayed product launches, as well as completely scrap plans for new releases because of the increased costs and ongoing confusion.

The changes announced on May 12th are a great example of the continued confusion and uncertainty, exactly what is the new tariff rate? Is it official? Can I update my planning? Things rarely remain the same from week to week. We have consistently been net exporters. In fact, we were awarded the 2019 exporter of the year by the SBA during President Trump's first term.

However, today our exports are down as much as 50 to a hundred percent. Our customers say this is due to anti-American consumer sentiment, and the global financial fallout from the chaotic rollout of U.S. tariffs. Small manufacturers in my industry are all at risk of going out of business. We share frustration about the lack of government support or resources, even as this threat being as bad, if not worse, than COVID for my company. The SBA and MEP network are losing funding at a time when they're needed most.

Prior to implementing the tariffs, no one asked how we would be impacted or what we would need to succeed. I feel an incredible sense of frustration as the disparity between large and small businesses grow wider, and they benefit from exemptions and delays that do not apply to us.

[The prepared statement of Ms. Robbins follows.]

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Testimony of Julie Robbins, CEO and Owner, EarthQuaker Devices LLC

U.S. Senate Committee on Small Business and Entrepreneurship

Financing America's Manufacturing and Industrial Boom

May 14, 2025

Thank you, Chair Ernst, Ranking Member Markey, and all members of this committee. I appreciate the opportunity to share my perspective on the topic of today's hearing, Financing America's Manufacturing and Industrial Boom. That is a noble endeavor and one for which my background in banking, investments and as a small business owner manufacturing in the USA qualify me to offer my advice. However, without immediate relief from the tariffs and ensuing trade war, US manufacturing companies like mine will not survive the summer and certainly will not contribute to a boom.

My name is Julie Robbins and I am the CEO of EarthQuaker Devices, a guitar effect pedal manufacturer based in Akron, OH. I own the company with my husband, Jamie Stillman, who founded the company and designs the products. Prior to running EarthQuaker Devices, I worked at a community bank – first as a branch banker. Then in the back office for investment services, and finally as a financial planner serving many small business owners. I have a degree in Economics from Baldwin-Wallace University, which was a significant achievement as I had my first son, Gavin, a month after I turned eighteen, and a month before I graduated high school.

I founded EarthQuaker with my husband, Jamie Stillman twenty years ago, and after all the challenges and struggles we have faced over the years, I never imagined that the greatest existential threat to our company would come from our own government.

I am a third-generation small business owner, and both Jamie and I have always had an entrepreneurial spirit. I started my first business, a cleaning company, when I was twelve. He started his first business, a record label named Donut Friends, at the age of thirteen. When we met in our late teens, I was a young single mother, having had my son Gavin a month after I turned eighteen and a month before I graduated high school. We shared a strong work ethic, a do-it-yourself mindset, as well has the strength and fortitude to forge our own paths, rather than simply relying on an employer for a paycheck.

Our company grew very much "by the bootstraps," by starting small and continuously reinvesting in the business. We were never interested in taking on investors, but we did utilize the services of the SBA via a 7(a) loan, our local export focused SBDC at Cleveland State University for export training and matching grants, the Ohio TechCred grant to upskill employees to promote our workforce from within, as well as foster a culture of continuous

EarthQuaker Devices®

improvement. We used the funds from the Payroll Protection Program during COVID and kept our staff fully employed during all the lockdowns. We also extensively use the services of Magnet, a Cleveland based national Manufacturing Extension Partnership program, for consulting, education, and networking.

Today, we have thirty-five employees, and we are a 100% USA-based manufacturer. Our capabilities include CNC routing, powder coating and UV printing enclosures, populating PCBs, assembly and testing of finished products. However, the raw materials used for our products are sourced from abroad. There are no domestic manufacturers of the electronic components used in our products. They come from a variety of locations, mostly in Asia such as China, Maylasia, South Korea, Taiwan, and Thailand but also from Canada and Mexico.

Since the tariffs and escalating trade war have gone into effect, our business has suffered dire consequences. Our costs have increased drastically, while our sales have fallen rapidly. Although we need to raise prices immediately, lack of clarity and uncertainty for the future hinder our ability to plan and execute. Raising prices will undoubtedly contribute to an additional slowing of sales. Our carefully crafted supply chain is disrupted, and we lack the resources to navigate these changes without the resources of a large corporation.

Our small team has spent countless hours crunching numbers, running models, worst case scenarios, searching for suppliers, attempting to set up accounts with new vendors, researching mitigation strategies – only to have the situation change quickly and with no notice. We have delayed product launches as well as completely scrapped plans for new releases because of the increased costs and ongoing confusion.

We have heard of news of exemptions and raced to see if our components were included, only to find that they were added to benefit large corporations. Large technology or automobile companies have departments of lawyers and analysts to help them lobby for and negotiate policies for their benefit. As a small business owner, I feel an incredible sense of frustration as the disparity between large and small businesses grows wider. The trade organization which represents the musical instrument manufacturers has chosen to lobby on behalf of the largest companies in the industry – guitar manufacturers – for exemptions on imported hardwoods. This has absolutely no benefit to companies like mine who have no need for wood.

We are typically planning at least a year in advance, but now all of that is complete mystery. What will happen when the reciprocal tariffs kick back in? If customers think prices will go down, they will wait for the lower price. If they buy at the higher price, they will expect price protection by way of a credit if the price is reduced. And what if more changes that we cannot anticipate happen, and how will we adapt? It is exhausting to keep up with the constant

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changes and unpredictability. From week-to-week things are different, giving us whiplash trying to keep up. Businesses rely on predictability and stability to plan and grow. The changes announced on May 12th are a great example of this. Are they official yet? Can I update my planning? I have whiplash and things rarely remain the same from week to week.

All our imported components now have additional tariffs added, recently as much as 185%. On May 12th there were again further changes announced, reducing reciprocal tariffs down to 30% plus the 2018 and 2015 executive actions for a total of 75%. It would also seem to be a temporary plan, and will certainly change again, so it is impossible to forecast and implement a price increase.

Tariffs are taxes paid to Customs and Border Patrol by the small business that imports the product to release the product from the shipper. There are other fees and expenses that accumulate due to the tariffs, such as "material handling charges" and "brokerage fees" that add as much as an additional 10-25% onto the price. The tariff rate can change after the product is shipped, in this case tripling the price of the components with no recourse for the small business. We cannot calculate the impact without clear data, and that has been difficult or impossible to find.

One of my competitors, Robert Keeley of Keeley Electronics, located in Oklahoma City, OK, place an order for components which shipped on March 27. The shipment cleared customs on April 16. The price he paid for the components was $7,700. He paid tariffs of $6489, slight more than 82%, and the following additional fees "Disbursement Fee $131.14, Export Customs Clearance Fee $43.99, Additional Classifications $344, Fuel Surcharge $183.75, AMS Fee $35, Customs Brokerage Charge $145, Ocean Freight LCL $612.50, Harbor Maintenance Fee $18.04, Merchandise Processing Fee $49.95, ISF Filling Fee NVO $50, Bundle Origin $320 for a total of $8,422.37. This represents a 123% increase over the price of the components. These fees are not transparent in origin and difficult to predict.

It is a priority for me to make data driven decisions. My inventory manager has been adjusting the data as the changes roll out, and as our demand falls. We used to forecast for one thousand pedals per week, but due to the decline in sales we are forecasting only 750 pedals per week. Because we have inventory on the shelves it takes us about 6 months to completely turn over our parts and begin use of new stock. The following is a chart demonstrating the weekly impact of tariffs forecasted as of April 14th:

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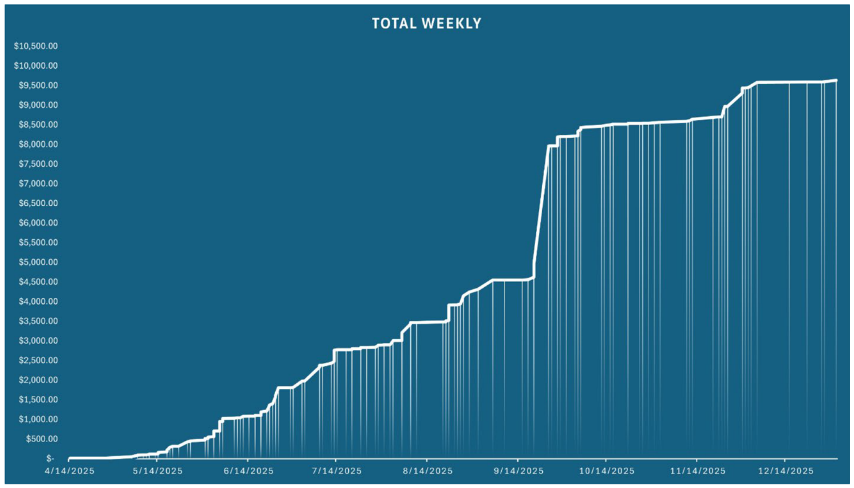

And here is the data expressed as a table:

Ending date	Month	Weekly increase	Weekly pedals	Cost per pedal
4/27/2025	April	$ 15.57	750	$ 0.02
5/31/2025	May	$ 510.76	750	$ 0.68
6/30/2025	June	$ 1,810.72	750	$ 2.41
7/31/2025	July	$ 2,898.48	750	$ 3.86
8/30/2025	Aug	$ 4,239.44	750	$ 5.65
9/29/2025	Sept	$ 8,200.76	750	$ 10.93
10/31/2025	Oct	$ 8,552.41	750	$ 11.40
11/30/2025	Nov	$ 9,435.59	750	$ 12.58
12/28/2025	Dec	$ 9,598.23	750	$ 12.80

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We have consistently been net exporters, where our exports exceed our imports by two times. In fact, the SBA awarded EarthQuaker Devices the 2019 Exporter of the Year. This year our exports are down as much as 50% to 100% in some countries. Our customers say this is due to anti-American consumer sentiment and the global financial fallout from the chaotic rollout of US tariffs. It is devastating to see America's reputation fall so swiftly.

If our primary objective were to make the highest amount of profit, it would have always been a more affordable option to outsource our manufacturing to another country. It would have minimized complexity as well. However, our values are to create and maintain good jobs in our hometown, so we absorbed the extra expense to make this work. Akron suffered after rubber manufacturers moved their operations abroad in the 70s and 80s and growing up in that environment shaped our mentality on this.

We are considering for the first time offshoring manufacturing to reach our export markets, something we would never have considered if these tariffs had not been implemented. The increased cost of continuing to manufacture our products in the USA will make them uncompetitive in the global marketplace. We could manufacture in China to serve other markets and remain competitive and relevant. With our income declining so rapidly, I fear I have no other choice.

Our domestic sales have also slowed rapidly. We sell primarily to music stores. The feedback I am receiving is that they are loading in heavily on imports before the reciprocal tariffs kick back in and prices go up. Just another example of how this is backfiring, and American small businesses are paying the price.

Overall, our sales are down 15% year to date. April was down 33%. We already operate on a thin margin to pay our employees' living wages and competitive benefits such as health insurance, 401k match and paid parental leave. If these losses persist or widen beyond the next month, we will have no option but to scale back benefits and reduce our workforce. This would have devastating consequences for our employees who have worked so hard for us and rely on their jobs to support their families and provide health insurance.

Today, we have perfect credit and have never missed a payment, but sustained losses threaten our ability to repay our debts and put us at risk of bankruptcy by the end of the year. We have approximately $1.2m in loans from a local community bank. The loans have financed the purchase of two manufacturing facilities in downtown Akron, a state-of-the-art PCB assembly line as well as a line of credit to even out cash flow. We are rapidly running out of liquidity. Banks typically attach a covenant to their lending which requires the borrower to maintain a minimum Debt Service Coverage Ratio. As our sales decline, we lose borrowing power and

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could soon find ourselves under the required ratio and considered to be in default – without even missing a payment.

Another concern is that our home is collateral for the bank so if we default, we will lose everything we have worked for, just as our two daughters are in college. I do not see more debt as the answer, and I do not know why a bank would loan money to a business without a clear path to success. To be truthful, the suggestion that I borrow money and pay interest to finance taxes and fees abruptly imposed on me by the government is offensive.

The idea that the government can abruptly change the playing field with no apparent concern for the impact the changes have, taking massive amounts of money from small businesses by way of taxes and fees does not feel American to me. It sounds more like a policy you might hear from a country with an authoritarian government who does not value free enterprise.

You may ask, why don't we just manufacture all the raw materials here in the USA? To start, I do not know how to make these 1000s of individual components. Second, I do not have the money to open more factories and invest in hundreds of new machines to make them. I cannot imagine the cost, but I know I do not have it. Finally, I do not have time. It would require years of planning and investment, not weeks or months. The tariffs are impacting me today and I need an immediate solution.

In mid-April, I decided to invite other USA based pedal manufacturers to a Zoom support group. The group now has over thirty members from across the USA. We are all in the same position and trying desperately to survive this massive disruption. As I understand, the intention of the tariffs is to help US manufacturers. I can assure you, not one of these companies have benefit in any way and we all are at risk of going out of business.

We have shared ideas on how to adapt. What would it take to manufacture just one of these components in the USA? One of my competitors, Jon Cusack of Cusack Music in Holland, Michigan, researched the possibility. The component selected is a 16mm Potentiometer (used to adjust parameters on a product, such as tone, level, distortion, etc.). His current annual volume of the component is around 130,000, and his current cost is $0.22, for an annual cost of $28,600.

The analysis showed that the cost per part would be $3.75 at an annual volume of 130,000, for an annual cost of $487,500, or over seventeen times our current cost. This number does not include the upfront tooling charge, weeks, or months prior to receiving parts. The lowest estimate for tooling is $238,500, which is over eight times the current annual cost.

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As you can see, it is not a cost-effective solution to source our components in the US. Both the up-front tooling cost, and the final component costs are just too high to justify even one component.

If we cannot manufacture them, could we find a domestic supplier? I received an email from the SBA recommending the NIST sourcing tool to find domestic suppliers and decided to search for one of our most necessary components, blank PCBs. Prior to the new tariffs in 2025, we paid approximately $1.40 per panel from our long-time trusted supplier. Most of the companies recommended by this tool were manufacturing abroad but had an office in the USA. The prices ranged from $20.70 to $31.19 per panel. That is not a viable option and would push our prices up beyond what the market will bear. Finding a new supplier is not as simple as finding the best price, and we must consider lead time, business practices and most importantly the quality.

Another frustration we all share, there is also no government support available. There are no grants or loans available like there was during COVID, but this threat is much worse than COVID for my company. No webinars about how to adapt. The SBA and MEP network is losing funding at a time when they are most needed. Prior to implementing the tariffs, no one asked how we would be impacted or what we needed to succeed.

As I have shown, we are already manufacturing in the USA. We cannot manufacture electronic components, and we cannot find a new domestic supply chain. We cannot borrow more money. We cannot continue to sustain these losses and market disruptions. We are offered no support or resources to navigate these rapidly developing changes. If the tariffs are not swiftly removed, our options are to close, sell or offshore our manufacturing.

If we close our business, it will have impact on our employees and their families, our dealers and distributors, our vendors and suppliers, the artists we pay royalties to for their collaborations, our community bank and musicians everywhere who rely on our products for their sound.

If the objective of this committee is to increase investment in the USA, then they must consider how to repair the trust lost by those who have already invested heavily in the USA and now run the risk of losing their investment. The idea that the government can abruptly change the playing field with no concern for the impact of the changes is devastating.

I have concluded that there are no other options - these tariffs need to be reversed by the administration immediately to prevent the mass extinction of American small businesses. Rescinding the tariffs or exempting small businesses, as ranking member Markey's proposed bill does, would be the first step of many needed to rebuild trust in doing business in the USA for current and potential investors in US manufacturing. Any changes to economic and trade policy should meet the needs of businesses where they are today, not years in the future.

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I grew up in the small town of Muir, MI, where my dad owned the local hardware store. He had bought it after several years of jobs moves caused by automotive plant closures. I spent much of my early life working behind the counter, and learning many things, such as how to thread pipe, replace glass and screen in windows, replace handles on farm tools, help people solve plumbing and electrical problems, etc. This was one of those hardware stores that had everything from housewares to custom hydraulic hoses, to leather pump seals. The type of hardware store that ceased to exist after many years of big box stores offering lower quality products at much lower prices. Many times I would walk a customer through the store, showing them everything they needed to solve their problem, just for them to say something like: “I can get that cheaper at Walmart.” Consumers decided price was more important than the quality of service. If it was cheaper, they didn’t care if the clerk had no idea how to answer their questions. What did I learn from this?

- Customers did not assign a value to the helpfulness of a store employee.
- Price is more often more important than quality.
- Manufacturing location of a product is not important to most customers.
- Because of this consumer attitude, China was going to become one of the main suppliers for everything we buy.

Years later, after I had spent several years as an electrical engineer, designing control systems for major appliance manufacturers, I decided I would rather do something I loved. I quit my job to design and build effects pedals for guitar players. I have always loved playing guitar, but I was never very good at it. What I WAS good at was designing and building high quality electronic devices. So I took that passion and went down a new path. That path would eventually lead me to owning 2 small businesses: Cusack Music, who designed and builds guitar effects pedals for our own brand, as well as many other brands (private labeled), and Westshore Design, who designed and built electronics for many other markets, such as LED lighting, Industrial control systems, Tattoo Equipment, Coin Acceptors, etc. During this period, I was able to quote, and save products from being built in Mexico, and overseas. I had made it a goal, not only to create American jobs, but also not to support design work that was not intended to be manufactured in the US.

At that time, I was using PCBs (printed circuit boards) that were manufactured in the US. We had started to lose bids that we had quoted, so I started asking those customers questions, and found out I was the only vendor bidding with US manufactured PCBs. So I started giving customers 2 quote options: 1 with US PCBs, and one with Chinese PCBs. After a year with nobody selecting the US option, I again realized that to most consumers, price is most important.

In 2015, I sold Westshore Design and focused on guitar pedals for 5 years (because of a 5 year non-compete with the buyers). After the non-compete was up (2020), I decided to pursue non-music related customer once again, as well as regain previous non-music customers. At this time, my focus was to keep my customers from having their entire PCB assembled overseas. By streamlining our assembly lines, and processes, we lowered our set-up times and made labor as minimal as possible. We still cannot compete with a PCB assembly fully built overseas, but if we could keep the price low enough, most customers would stay. We have, so far, only had a few customers who have moved their PCB assembly work overseas. One advantage we have is our lead time. Our lead time is typically 4-8 weeks, whereas lead times for PCB assemblies in China or Taiwan can be 12 weeks or more. In addition, many overseas vendors require up front payment for 50%, if not the entire order. Many small businesses have a hard time pre-paying large order, which gives us some advantage.

The only way we can do what we do and compete in the market is by purchasing our components from overseas sources. Without this, the difference between what we must charge, and what our competitors overseas charges becomes too great for our customers to tolerate.

I have a $22,000 order placed several months ago in China ready to ship. It is on hold because I don't know if the tariff will be $5,000 or $54,000. A 245% tariff didn't even cross my mind as a possibility when I placed that order.

The main issues caused by tariffs are:

- We have no ability to predict what the tariffs will be tomorrow, next week or next month. As a result, most of our orders are on hold.
- The increased cost prices our products above what is tolerable to our customers.
- It is impractical to manufacture many of these components in the US. I have completed an investigation into what it would cost to manufacture one of my components (A 16mm potentiometer) in the US. The price increase would be over 17 times the cost to buy that component from China.
- Even our same-continent competitors (Canada, Mexico) do not face this same tariff, so they will ultimately have an advantage against us.

Analysis of on-shoring a 16mm Potentiometer currently source from China.

Because time is on the essence, I used Grok (AI) to help me investigate the potential cost of manufacturing one of the components I purchase from China, here in the US. I have an addition document that contains much of the data obtained from Grok, which I can share with you. The component selected a 16mm Potentiometer (used to adjust parameters on a product, such as tone, level, distortion, etc). Our current annual volume of the part is around 130,000, and our current cost is $0.22, for an annual cost of $28,600.

The analysis showed that the cost per part would be $3.75 at an annual volume of 130,000, for an annual cost of $487,500, or over 17 times our current cost. This number does not include tooling, which would be required up front, weeks or months prior to receiving parts. The lowest estimate of tooling $238,500, which is over 8 times the current annual cost.

As you can see, it is not cost effective solution to source our components in the US. Both the up-front tooling cost, and the final component costs are just too high to justify.

This part contains 9 individual parts, 7 of which are unique. Below is the BOM (Bill of Materials) along with pricing.

Component	QTY	Cost	Total	Tooling	Notes
Shaft	1	$0.49	$0.49	$8,000	
Threaded bushing	1	$0.49	$0.49	$30,000	
Resistive Element	1	$0.42	$0.42	$20,500	Assuming tooling for 31 tapers/values.
PCB Pins	3	$0.28	$0.84	$18,000	Brass, not Phosphor Bronze
Wiper Carrier	1	$0.06	$0.06	$15,000	
Wiper	1	$0.24	$0.24	$15,000	
Back Cover	1	$0.35	$0.35	$20,000	
Assembly	1	$0.86	$0.86	$112,000	A local machine builder estimated $850,000 - 1.1M
Tooling Amortization	1	$0.18	$0.18	$238,500	
		Total	$3.93		

Annual Volume	130,000	
Tooling Amortization	10	Yrs
Current cost	0.22	
Current annual spend	$28,600	
Potential annual spend	$511,350.00	

Figure 1 Images and costs for components required to manufacture a 16mm potentiometer.

Shaft: $0.49
Tooling: $8,000
Leadtime: 4-5 weeks

Threaded Bushing: $0.49
Tooling: $30,000
Leadtime: 7-11 weeks

Resistive Element: $0.42
Tooling: $20,500
Leadtime: 5-8 weeks

PCB Pins: $0.28
Tooling: $18,000
Leadtime: 5-8 weeks

Wiper Carrier: $0.04
Injection Mold tooling: $15,000
Leadtime: 4-8 months

Wiper: $0.24
Tooling: $15,000
Leadtime: 4-6 months

Back Cover: $0.35
Tooling: $20,000
Leadtime: 5-9 weeks

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FreeDFM Viewer 2.0

Click to View FreeDFM Results

Part #: Easy Listening	Revision: B Rev 1	Date: 4/21/2025	Quote #: 6233046
EarthQuaker Devices			Quote valid for 30 days

STANDARD SPEC Price Matrix:

(Qty = Pieces, Not Arrays)

1. Standard Spec bare board pricing assumes lead-free HAL (alternatively, board finish may be upgraded to ENIG or Silver at no additional cost in the rare event lead-free HAL becomes temporarily unavailable), FR4, green mask, white silkscreen, and non-plated slots.
2. We now offer both non-plated and plated thru holes on all of our standard spec boards (if no specifications provided, holes will be plated).
3. INCLUDES UL markings and date codes. 94V-0 is added if requested at time of order entry or if noted in files. Minimum finished hole size .010". Hole tolerance +/- .005". Minimum Trace/Space .005".
4. All files receive full CAM review and inspection to IPC class 2-A600.
5. If your design includes countersink/counterbore or if you have controlled dielectric/stackup or impedance requirements, refer to Custom Spec matrix.
6. Electrical Test is optional for 0-6 layer board. Unit price does not include shipping and handling. AC Terms and Conditions apply.
7. AdvancedPCB has a 90 day limited warranty and we will not accept liability for any cost in addition to the value of the bare boards including but not limited to components, labor, business interruptions and any other consequential damages or losses. AdvancedPCB disclaims any open-ended acceptance of liability for losses beyond our control.

To Place Order, Click on UNIT PRICE below:

Qty	Same Day	1-day	2-day	3-day	4-day	5-day	E Test(Lot)
250	N/A	N/A	N/A	N/A	N/A	N/A	$297.17
300	N/A	N/A	N/A	N/A	N/A	N/A	$297.17
500	N/A	N/A	N/A	N/A	N/A	N/A	$297.17
1000	N/A	N/A	N/A	N/A	N/A	N/A	$297.17
Tooling NRE = $0							

AS A SPEC & PRICING ALTERNATIVE THE STANDARD SPEC MATRIX ASSUMES:

See #1 thru #7 above.
Call Us
Non-plated slots

CUSTOM SPEC Price Matrix:

(Qty = Pieces, Not Arrays)

1. The Custom Spec bare board Matrix reflects pricing for the EXACT SPECS you QUOTED (except as noted in the comments).
2. Reference material type below.
3. All files receive full CAM review and inspection to the certification / qualification you select below.
4. INCLUDES UL markings and date codes. 94V-0 is added if requested at time of order entry or if noted in files. Finished hole tolerance +/- .003"(if requested). Unit price does not include shipping and handling. AC Terms and Conditions apply.
5. AdvancedPCB has a 90 day limited warranty and we will not accept liability for any cost in addition to the value of the bare boards including but not limited to components, labor, business interruptions and any other consequential damages or losses. AdvancedPCB disclaims any open-ended acceptance of liability for losses beyond our control.

To Place Order, Click on UNIT PRICE below:

Qty	Same Day	1-day	2-day	3-day	4-day	1-week	2-week	3-week	4-week
250	N/A	$82.68	$40.32	$27.82	$26.25	$24.69	$23.13	$20.99	$17.70
300	N/A	$80.18	$39.01	$26.86	$25.34	$23.82	$22.30	$20.22	$17.03
500	N/A	$75.19	$36.40	$25.13	$23.52	$22.09	$20.66	$18.70	$15.99
1000	N/A	$71.44	$34.44	$24.98	$22.37	$20.79	$19.42	$17.56	$15.83
Tooling NRE = $200.00	(Tooling waived when	re-ordered)			* Testing =	$297.17			

*** ET charges shown above do not include Hi-Pot test charges.**

Part #	Easy Listening	Revision #	B Rev 1	Layer count	2
X Dimension	7.9	Y Dimension	4.5	Array ☐	
Tab-Route? ☐		Scoring? ☑			
Material Type	FR4	Finish Thickness	0.062"	Finish Plating	Lead Free Solde
Gold Fingers?	None	Copper Wt. (Outer)	1 oz		
SolderMaskType	LPI	Soldermask	both sides	Soldermask Color	Green
Outer Min Trace	0.006"	Inner Min Trace	0.008"	☐ Mixed Inner Cu Wt	
Outer Min Space	0.008"	Inner Min Space	0.008"		
Smallest Hole Size	0.008	Silkscreen	both sides	Silkscreen Color	White

Top SMD Pads	784	Bottom SMD Pads	0	Min. Pitch	0.050"

Certifications & Qualifications: IPC Class 2-A600 (Pricing Subject To File Review) ☐ Outside Test Lab ☐ CAM Review (C3)
☐ Special Coupons ☐ AS9100? (AS9102 FAI $400.00 minimum if applicable) Hi-Pot Test None

Additional Attributes:
☐ Controlled Dielectric? ☐ CAP Construction?
☐ Controlled Impedance? (Pricing Subject To File Review) ☐ CAM Review (Impedance)
☑ Plated Slots?
☐ Plated Edges? (Pricing Subject To File Review) ☐ CAM Review (Edges)
☐ Counterbores?
☐ Countersinks?
☐ Castellated Holes?

Advanced Technologies:
Blind/Buried Vias? None Microvias? None (Finished hole size <= .006")
Blind/Buried Via Fill None Via-In-Pad? None
☐ Soldermask Plugged Vias?

Optional Specs:
Select only if known...
NOT REQUIRED
for ONLINE QUOTING
☐ Holes Plated .0015? # Holes Per Board 0 ☐ No X-Out?
☐ Cores < .004? ☐ Multiple Mask Colors?
☐ Etchback? LPI Legend None ☐ Multiple Silk Colors?
☐ Cover Coat? ☐ Edge Mill? ☐ Material AROM?
☐ Cavity Process? Multiple Cavity? None ☐ Laser Rout? ☐ Material Transfer?
☐ Controlled Depth Drilling? ☐ Controlled Depth Milling? ☐ Unique Serialization? ☐ Serialization?
☐ Back Drilling? Multiple Backdrill? None ☐ Tetra Etch? Multiple Tetra Etch? None

Panelization Panel Size 18x24 User # Up 0 System # Up 6

Quantities: 250 300 500 1000 ITAR ○ Yes ◉ No

Comments:

ISR:

Price Audit | MQ | Print Mode | Delete Quote | Recalculate Quote

☐ Quote Spec Definitions 0

UPS Supply Chain Solutions

QST REG. NO. 1023002724　EIN 94-3083515
FMC LICENCE NO. 000275F　QUEBEC ENTERPRISE NO. 1149892151
DUNS 17-946-2911　BIN/GST REG. NO. 871436135RT0001
SCAC-UPSF

STATEMENT NBR	Nbr of Items	AMOUNT DUE	AMOUNT PAID
4663882994	1	8,422.37 USD	____________

60641172113000000000000008422370466388299483KEELEY*E

REMITTANCE ADVICE - PAYMENT DUE: 08-May-2025

PLEASE MAIL REMITTANCE TO:

UPS / UPS SCS Dallas
P.O. Box 730900
Dallas, TX 75373-0900

KEELEY ELECTRONICS
14 NW 132ND ST
OKLAHOMA CITY OK 73114

BILLING INQUIRY CALL: 1-800-443-6379

(Please detach and return above remittance advice with your payment.)

Effective May 5, 2025, an increase may apply to your freight forwarding brokerage fees for U.S. imports. Additional details can be found in our letter dated April 4, 2025 or contact your sales representative.

SUMMARY OF CHARGES

STATEMENT NBR : 4663882994

Shipment Nbr	Invoice Nbr	Ship Date	Invoice Date	Orig	Dest	Total Charges	Curr
7809050249	6064117211	21-Mar-2025	28-Apr-2025	SZX	OKC	8,422.37	USD

TOTAL DUE : 8,422.37 USD

UPS Supply Chain Solutions

QST REG. NO. 1023002724 EIN 94-3083515
FMC LICENCE NO. 000275F QUEBEC ENTERPRISE NO. 1149892151
DUNS 17-946-2911 BIN/GST REG. NO. 871436135RT0001
SCAC-UPSF

UPS SUPPLY CHAIN SOLUTIONS, INC TERMS AND CONDITIONS OF SERVICE
As Promulgated by the NATIONAL CUSTOMS BROKERS AND FORWARDERS ASSOCIATION OF AMERICA, INC.

These terms and conditions of service constitute a legally binding contract between the "Company" and the "Customer". In the event the Company renders services and issues a document containing Terms and Conditions governing such services, the Terms and Conditions set forth in such other document(s) shall govern those services.

1. Definitions. (a) "Company" shall mean UPS Supply Chain Solutions, Inc., its subsidiaries, successors or assigns, related companies, agents and/or representatives. (b) "Customer" shall mean the person for which the Company is rendering service, as well as its agents and/or representatives, including, but not limited to, shippers, importers, exporters, carriers, secured parties, warehousemen, buyers and/or sellers, shipper's agents, insurers and underwriters, break-bulk agents, consignees, etc. It is the responsibility of the Customer to provide notice and copy(s) of these terms and conditions of service to all such agents or representatives; (c) "Documentation" shall mean all information received directly or indirectly from Customer, whether in paper or electronic form; (d) Ocean Transportation Intermediaries" ("OTI") shall include an "ocean freight forwarder" and a "non-vessel operating common carrier;" (e) "Third parties" shall include, but not be limited to, the following: "carriers, truckmen, cartmen, lightermen, forwarders, OTI's, customs brokers, agents, warehousemen and others to which the goods are entrusted for transportation, cartage, handling and/or delivery and/or storage or otherwise."

2. Company As Agent. The Company acts as the "agent" of the Customer for the purpose of performing duties in connection with importer security filing services, the entry and release of goods, post entry services, the securing of export licenses, the filing of export documentation on behalf of the Customer and other dealings with Government Agencies; as to all other services, Company acts as an independent contractor.

3. Limitation of Actions. (a) Unless subject to a specific statute or international convention, all claims against the Company for a potential or actual loss, must be made in writing and received by the Company, within ninety (90) days of the event giving rise to claim; the failure to give the Company timely notice shall be a complete defense to any suit or action commenced by Customer. (b) All suits against Company must be filed and properly served on Company as follows: (i) For claims arising out of ocean transportation, within one (1) year from the date of the loss; (ii) For those claims arising from air transportation, within two (2) years from the date of the loss; (iii) For claims arising out of the preparation and/or submission of an import entry(s), within seventy five (75) days from the date of liquidation of the entry(s); (iv) For claims arising out of the preparation and/or submission of an importer security filing, within one (1) year from the date of loss; (v) For any and all other claims of any other type, within two (2) years from the date of the loss.

4. No Liability For The Selection or Services of Third Parties and/or Routes. Unless services are performed by persons or firms engaged pursuant to express written instructions from the Customer, Company shall use reasonable care in its selection of third parties, or in selecting the means, route and procedure to be followed in the handling, transportation, clearance and delivery of the shipment; advice by the Company that a particular person or firm has been selected to render services with respect to the goods, shall not be construed to mean that the Company warrants or represents that such person or firm will render such services nor does Company assume responsibility or liability for any action(s) and/or inaction (s) of such third parties and/or its agents, and shall not be liable for any delay or loss of any kind, which occurs while a shipment is in the custody or control of a third party or the agent of a third party; all claims in connection with the Act of a third party shall be brought solely against such party and/or its agents; in connection with any such claim, the Company shall reasonably cooperate with the Customer, which shall be liable for any charges or costs incurred by the Company.

5. Quotations Not Binding. Quotations as to fees, rates of duty, freight charges, insurance premiums or other charges given by the Company to the Customer are for informational purposes only and are subject to change without notice; no quotation shall be binding upon the Company unless the Company in writing agrees to undertake the handling or transportation of the shipment at a specific rate or amount set forth in the quotation and payment arrangements are agreed to between the Company and the Customer.

6. Reliance On Information Furnished. (a) Customer acknowledges that it is required to review all documents and declarations prepared and/or filed with U.S. Customs and Border Protection, other Government Agency and/or third parties, and will immediately advise the Company of any errors, discrepancies, incorrect statements, or omissions on any declaration filed on Customers behalf; (b) In preparing and submitting importer security filings, Customs entries, export declarations, applications, documentation and/or export data to the United States and/or a third party, the Company relies on the correctness and completeness of all documentation, whether in written or electronic format, and all information furnished by Customer; Customer shall use reasonable care to insure the correctness and completeness of all such information and shall indemnify and hold the Company harmless from any and all claims asserted and/or liability or losses suffered by reason of any incorrect, incomplete or false statement upon which the Company reasonably relied. The Customer agrees that the Customer has an affirmative non-delegable duty to disclose any and all information required to submit an importer security filing, import, export or enter the goods; (c) Customer acknowledges that it is required to provide verified gross weights obtained on calibrated, certified equipment of all cargo that is to be tendered to steamship lines and represents that Company is entitled to rely on the accuracy of such weights and to counter-sign or endorse it as agent of Customer in order to provide the certified weight to the steamship lines. The Customer agrees that it shall defend, indemnify and hold the Company harmless from any and all claims, losses, penalties or other costs resulting from any incorrect or questionable statements of the weight provided by the Customer or its agent or contractor on which the Company relies.

7. Declaring Higher Value To Third Parties. Third parties to whom the goods are entrusted may limit liability for loss or damage; the Company will request excess valuation coverage only upon specific written instructions from the Customer, which must agree to pay any charges therefore; in the absence of written instructions or the refusal of the third party to agree to a higher declared value, at Company's discretion, the goods may be tendered to the third party, subject to the terms of the third party's limitations of liability and/or terms and conditions of service.

8. Insurance. Unless requested to do so in writing in sufficient time prior to shipment from point of origin and confirmed to Customer in writing, Company is under no obligation to procure insurance on Customer's behalf. The Company does not undertake or warrant that such insurance can or will be placed. Unless the Customer has its own open marine policy and instructs the Company to effect insurance under such policy, insurance is to be effected with one or more insurance companies or other underwriters to be selected by the Company. Any insurance placed shall be governed by the certificate or policy issues and will only be effective when accepted by such insurance companies or underwriters. In all cases, Customer shall pay all premiums and costs in connection with procuring requested insurance. Should an insurer dispute its liability for any reason, the insured shall have recourse against the insurer only and the Company shall not be under any responsibility or liability in relation thereto, notwithstanding that the premium upon the policy may not be at the same rates as that charged or paid to the Company by the Customer or that the shipment was insured under a policy in the name of the Company. If for any reason the goods are held in warehouse, or elsewhere, the same will not be covered by insurance, unless the Company receives specific written instructions from the Customer and the Company confirms in writing. Unless specifically agreed in writing, the Company assumes no responsibility to effect insurance on any export or import shipment that it does not handle.

9. Disclaimers; Limitation of Liability. (a) Except as specifically set forth herein, Company makes no express or implied warranties in connection with its services; (b) Subject to (d) below, Customer agrees that in connection with any and all services performed by the Company, the Company shall only be liable for its negligent acts, which are the direct and proximate cause of any injury to Customer, including loss or damage to Customer's goods, and the Company shall in no event be liable for the acts of third parties; (c) In connection with all services performed by the Company, Customer may obtain additional liability coverage, up to the actual or declared value of the shipment or transaction, by requesting such coverage and agreeing to make payment therefore, which request must be confirmed in writing by the Company prior to rendering services for the covered transaction (s). (d) In the absence of additional coverage under (c) above, the Company's liability shall be limited to the following: (i) where the Claim arises from importer security filing services or other activities that do not relate to "Customs business," and except as set forth in paragraph 9(d)(ii), $50.00 per importer security filing or transaction, or the amount of fees paid to the Company for the importer security filing or transaction, whichever is less; (ii) where the claim arises from the Company's warehousing, fulfillment, and/or consolidation services occurring in the Company's facilities or premises, including owned or leased property, .50 per pound of goods lost or damaged; or (iii) where the claim arises from activities relating to "Customs business," $50.00 per entry or the amount of brokerage fees paid to Company for the entry, whichever is less; (e) In no event shall Company be liable or responsible for consequential, indirect, incidental, statutory or punitive damages even if it has been put on notice of the possibility of such damages, including any and all loss or damages arising from delay of services.

10. Advancing Money. All charges must be paid by Customer in advance unless the Company agrees in writing to extend credit to customer; the granting of credit to a Customer in connection with a particular transaction shall not be considered a waiver of this provision by the Company.

11. Indemnification /Hold Harmless. The Customer agrees to indemnify, defend, and hold the Company harmless from any claims and/or liability arising from importer security filing services, the importation or exportation of Customer's merchandise and for any conduct of the Customer, which violates any Federal, State and/or other laws, and further agrees to indemnify and hold the Company harmless against any and all liability, loss, damages, costs, claims and/or expenses, including but not limited to reasonable attorney's fees, which the Company may hereafter incur, suffer or be required to pay by reason of such claims, including any claims by any Third party for freight or other charges, duties, fines, penalties, liquidated damages or other money due arising from services provided to or on behalf of the Customer. The confiscation or detention of the goods by any governmental authority shall not affect or diminish the liability of the Customer to the Company to pay all charges or other money due promptly on demand. In the event that any claim, suit or proceeding is brought against the Company, it shall give notice in writing to the Customer by mail at its address on file with the Company.

12. C.O.D. or Cash Collect Shipments. Company shall use reasonable care regarding written instructions relating to "Cash/Collect" on "Deliver (C.O.D.)" shipments, bank drafts, cashier's and/or certified checks, letter(s) of credit and other similar payment documents and/or instructions regarding collection of monies but shall have no liability if the bank or consignee or other recipient refuses to pay for the shipment. All payment documents tendered in payment of C.O.D.s will be accepted based solely upon the Customer's assuming all risk relating thereto including, but not limited to, risk of non-payment, insufficient funds, and forgery, and the Company shall not be liable upon any such instrument. The Company will not be responsible for any delay in remittance lost in exchange, or during transmission or while in the course of collection.

13. Costs of Collection. In any dispute involving monies owed to Company, the Company shall be entitled to all costs of collection, including reasonable attorney's fees and a late payment fee of 1.5% per month of the outstanding balance due, or the highest rate permitted by applicable law.

14. General Lien And Right To Sell Customer's Property. (a) Company shall have a general and continuing lien on any and all property of Customer coming into Company's actual or constructive possession or control for monies owed to Company with regard to the shipment on which the lien is claimed, a prior shipment (s) and/or both; (b) Company shall provide written notice to Customer of its intent to exercise such lien, the exact amount of monies due and owing, as well as any on-going storage or other charges; Customer shall notify all parties having an interest in its shipment (s) of Company's rights and/or the exercise of such lien. (c) Unless, within thirty days of receiving notice of lien, Customer posts cash or letter of credit at sight, or, if the amount due is in dispute, an acceptable bond equal to 110% of the value of the total amount due, in favor of Company, guaranteeing payment of the monies owed, plus all storage charges accrued or to be accrued, Company shall have the right to sell such shipment(s) at public or private sale or auction and any net proceeds remaining thereafter shall be refunded to Customer.

15. No Duty To Maintain Records For Customer. Customer acknowledges that pursuant to Sections 508 and 509 of the Tariff Act, as amended, (19 USC §1508 and §1509) it has the duty and is solely liable for maintaining all records required under the Customs and/or other Laws and Regulations of the United States; unless otherwise agreed to in writing, the Company shall only keep such records that it is required to maintain by Statute(s) and/or Regulation (s), but not act as a "recordkeeper" or "record keeping agent" for Customer.

16. Obtaining Binding Rulings, Filing Protests, etc. Unless requested by Customer in writing and agreed to by Company in writing, Company shall be under no obligation to undertake any pre- or post- importer security filing service or Customs release action, including, but not limited to, obtaining binding rulings, advising of liquidations, filing of petition(s) and/or protests, etc.

17. No Duty To Provide Licensing Authority. Unless requested by Customer in writing and agreed to by the Company in writing, Company shall not be responsible for determining licensing authority or obtaining any license or other authority pertaining to the export from or import into the United States.

18. Preparation and Issuance of Bills of Lading. Where Company prepares and/or issues a bill of lading, Company shall be under no obligation to specify thereon the number of pieces, packages and/or cartons, etc.; unless specifically requested to do so in writing by Customer or its agent and Customer agrees to pay for same, Company shall use the weight supplied by Customer.

19. No Modification or Amendment Unless Written. These terms and conditions of service may only be modified, altered or amended in writing signed by both Customer and Company; any attempt to unilaterally modify, alter or amend same shall be null and void.

20. Compensation of Company. The compensation of the Company for its services shall be included with and is in addition to the rates and charges of all carriers and other agencies selected by the Company to transport and deal with the goods and such compensation shall be exclusive of any brokerage, commissions, dividends, or other revenue received by the Company from carriers, insurers and others in connection with the shipment. On ocean exports, and upon request, the Company shall provide a detailed breakout of the components of all charges assessed and a true copy of each pertinent document relating to these charges. In any referral for collection or action against the Customer for the monies due the Company, upon recovery by the Company, the Customer shall pay the expenses of collection and/or litigation, including a reasonable attorney fee.

21. Severability. In the event any Paragraph(s) and/or portion(s) hereof is found to be invalid and/or unenforceable, then in such event the remainder hereof shall remain in full force and effect.

22. Governing Law; Consent to Jurisdiction and Venue. These terms and conditions of service and the relationship of the parties shall be construed according to the laws of the State of Georgia, without giving consideration to principals of conflict of law. Customer and Company (a) irrevocably consent to the jurisdiction of the United States District Court and the State courts of Georgia; (b) agree that any action relating to the services performed by Company, shall only be brought in said courts; (c) consent to the exercise of in personam jurisdiction by said courts over it, and (d) further agree that any action to enforce a judgment may be instituted in any jurisdiction.

For air and ocean freight services, the applicable terms and conditions, which include limitations of liability, are available upon request and on the SCS website at ups-scs.com
If you are the importer of record, payment to the broker will not relieve you of liability for customs charges (duties, taxes, or other debts owed Customs) in the event the charges are not paid by the broker.
Therefore, if you pay by check, customs charges may be paid with a separate check payable to "U.S. Customs and Border Protection" which will be delivered to CBP by the broker. [19CFR§111.29(b)]

[REV. 5-2-16]

UPS Supply Chain Solutions

QST REG. NO. 1023002724 EIN 94-3083515
FMC LICENCE NO. 000275F QUEBEC ENTERPRISE NO. 1149892151
DUNS 17-946-2911 BIN/GST REG. NO. 871436135RT0001
SCAC-UPSF

ORIGINAL

Shipment Nbr. : 7809050249 | Ship.Date : 21-Mar-2025 | **INVOICE NUMBER : 6064117211**
Origin :CNYTN Dest : USLAX | Rate Scale: OFN | INVOICE DATE : 28-Apr-2025
Payer Acct : 709964704 | Payment Type: COL | Statement Number: 4663882994
Received At : SHIPPERS DOOR | HAPU : N | File Nbr: BRNB1347737 | Entry: SCS97568392 15-APR-2025
Rated Weight : 771 LB | 350.0 KG | Rate / KG: 0.00 | Consumption
Service : UPS PREFERRED | Station : 0031 | GBS/USI: 7809050249

Shipper
HONG YUAN ELECTRONIC TECHN(
CO.,LTD
NO.151,CHANGTI ROAD,SHIWAN T(
BOLUO COUNTY, HUIZHOU CITY,
SHENZHEN 518000 CN

Payer
KEELEY ELECTRONICS
14 NW 132ND ST
OKLAHOMA CITY OK 73114 US

REMITTANCE ADDRESS:
UPS / UPS SCS Dallas
P.O. Box 730900
Dallas, TX 75373-0900

BILLING INQUIRY CALL: 1-800-443-6379

Ref. Nbr. :
Contact : X X
Assmbly. Nbr. :

Ref. Nbr. : OOLU2306728400 Service Level OF21
PO Nbr. :
Tax ID :
Importer : KEELEY ELE
Description :PER BILL OF LADING
Declared Value..........
Customs Value.......... 7,700.00 USD
MBL/MAWB............ 83276899
Ports.......................... 2704 CNYTN USLAX
Container Nbr............ TGBU9269439
Vessel/Carrier Name. SHIPCO TRANSPORT INC
Voyage/Flight Nbr..... 069E
Est. Departure Date.... 27-Mar-2025
Est. Arrival Date........ 16-Apr-2025
Term.Ref......................
UPS Package Acct #.. Not Provided

Consignee
KEELEY ELECTRONICS
14 NW 132ND ST
OKLAHOMA CITY OK 73114 US

Ref.Nbr. : OOLU2306728400
Contact : X X
Dstr. Nbr. :
Actual Weight : 771 LB 350.0 KG
Dim Weight : 289 LB 131.2 KG
Rev Note :

Charges		Billed	Entered	
938	DISBURSEMENT FEE	131.14	131.14	USD
90	EXPORT CUSTOMS CLEARANCE FEE	43.99	300.02	CNY
853	ADDITIONAL CLASSIFICATIONS	344.00	344.00	USD
774	FUEL SURCHARGE - DEST	183.75	183.75	USD
568	AMS FEE	35.00	35.00	USD
17	DUTY TO CUSTOMS	6,489.00	6,489.00	USD
07	CUSTOMS BROKERAGE CHARGE	145.00	145.00	USD
OF1	OCEAN FRT. LCL	612.50	612.50	USD
H38	HARBOR MAINTENANCE FEE	18.04	18.04	USD
G99	MERCHANDISE PROCESSING FEE	49.95	49.95	USD
D95	ISF FILING FEE NVO	50.00	50.00	USD
BNO	BUNDLE - ORIGIN	320.00	320.00	USD
	Total Charges :	**8,422.37 USD**		

Exchange Rate: 1CNY = 0.1466255USD

Comments: Also Notify:
PREFERRED LCL SERVICE

Dimensions
Total Volume: 0.787000 M3
Total Pieces : 27

Delivery Date/Time: 21-Apr-2025 / 10:32:39AM Broker Notified Date/Time : 04-Apr-2025 9:57:00PM
Received by : GEARHEART Delivery Route : 004 Nbr :

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00100 GBK Form Approved OMB No. 1651-0022
EXP 03-31-2025

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection

ENTRY SUMMARY

1. Filer Code/Entry No. SCS 9756839-2	2. Entry Type 01		3. Summary Date 04/24/2025
4. Surety No. 054	5. Bond Type 8	6. Port Code 2704	7. Entry Date 04/15/2025

8. Importing Carrier COSCO ENGLAND	9. Mode of Transport 11	10. Country of Origin CN	11. Import Date 04/11/2025
12. B/L or AWB No. OOLU2306728400	13. Manufacturer ID MULTI	14. Exporting Country CN	15. Export Date 03/27/2025
16. I.T. No. / 17. I.T. Date / 18. Missing Docs		19. Foreign Port of Lading 57078	20. U.S. Port of Unlading 2704
21. Location of Goods/G.O. No. Y292 ST. GEORGE	22. Consignee No. 20-241352200	23. Importer No. 20-241352200	24. Reference No.

25. Ultimate Consignee Name and Address KEELEY ELECTRONICS 14 NW 132ND ST DST ST: OK OKLAHOMA CITY (City) OK (State) 73114 (Zip)	26. Importer of Record Name and Address KEELEY ELECTRONICS INC 14 NW 132ND ST OKLAHOMA CITY (City) OK (State) 73114 (Zip)

27. Line No.	28. Description of Merchandise / 29. A. HTSUS No. B. ADA/CVD No.	30. A. Grossweight B. Manifest Qty.	31. Net Quantity in HTSUS Units	32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No.	34. Duty and I.R. Tax (Dollars / Cents)
	MFST QTY: 27	HBL: 7809050249		RELATED: N		
				CONT:TGBU9269439		
001 57078	INVOICE NUMBER - PI20250124					
	ARTICLE OF CHINA,US NTE 20					
	0	0 KG		0	25%	140.00
	9903.88.01			C39	0.3464 %(MPF) 0.125 %(HMF)	1.94 0.70
	CNDONHON407DON					

Other Fee Summary for Block 39			35. Total Entered Value
MPF	499	49.95	$ 14420
HMF	501	18.04	Total Other Fees $ 67.99

CBP USE ONLY		TOTALS
A. LIQ CODE	B. Ascertained Duty	37. Duty 6489.00
REASON CODE	C. Ascertained Tax	38. Tax 0.00
	D. Ascertained Other	39. Other 67.99
	E. Ascertained Total	40. Total 6556.99

36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT

I declare that I am the ☐ Importer of record and that the actual owner, purchaser, or consignee for CBP purposes is as shown above, **OR** ☒ owner or purchaser or agent thereof. I further declare that the merchandise ☒ was obtained pursuant to a purchase or agreement to purchase and that the prices set forth in the invoices are true, **OR** ☐ was not obtained pursuant to a purchase or agreement to purchase and the statements in the invoices as to value or price are true to the best of my knowledge and belief. I also declare that the statements in the documents herein filed fully disclose to the best of my knowledge and belief the true prices, values, quantities, rebates, drawbacks, fees, commissions, and royalties and are true and correct, and that all goods or services provided to the seller of the merchandise either free or at reduced cost are fully disclosed.
I will immediately furnish to the appropriate CBP officer any information showing a different statement of facts.

41. DECLARANT NAME	TITLE	SIGNATURE	DATE
UPS SUPPLY CHAIN SOLUTIONS, INC.	ATTORNEY IN FACT	PAUL GEHRIG	04/24/2025

42. Broker/Filer Information (Name, address, phone number)	43. Broker/Importer File No.
UPS SUPPLY CHAIN SOLUTIONS 660 FRITZ DRIVE COPPELL TX 75019	BRNB1347737

CBP Form 7501 (06/09)

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U.S. Customs and Border Protection

ENTRY SUMMARY CONTINUATION SHEET

1. Filer Code/Entry No.
SCS 9756839-2

27.	28. Description of Merchandise			32.	33.	34.
Line No.	29. A. HTSUS No. B. ADA/CVD No.	30. A. Grossweight B. Manifest Qty.	31. Net Quantity in HTSUS Units	A. Entered Value B. CHGS C. Relationship	A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No.	Duty and I.R. Tax Dollars Cents
	CN/HK EO 20% DUTY					
	0 9903.01.24	0 KG		0	20%	112.00
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0 9903.01.28	0 KG		0	FREE	0.00
	CNDONHON407DON					
	OTHER RESISTORS NSPF					
	0 8533.40.8070	13.59 KG	2000 NO	560	FREE	0.00
	CNDONHON407DON					
002 57078	ARTICLE OF CHINA,US NTE 20					
	0 9903.88.01	0 KG		0 C59	25% 0.3464 %(MPF) 0.125 %(HMF)	210.00 2.91 1.05
	CNDONHON407DON					
	CN/HK EO 20% DUTY					
	0 9903.01.24	0 KG		0	20%	168.00
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0 9903.01.28	0 KG		0	FREE	0.00
	CNDONHON407DON					
	OTHER RESISTORS NSPF					
	0 8533.40.8070	20.39 KG	3000 NO	840	FREE	0.00
	CNDONHON407DON					
003 57078	ARTICLE OF CHINA,US NTE 20					
	0 9903.88.01	0 KG		0 C39	25% 0.3464 %(MPF) 0.125 %(HMF)	140.00 1.94 0.70
	CNDONHON407DON					

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DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection

ENTRY SUMMARY CONTINUATION SHEET

1. Filer Code/Entry No.
SCS 9756839-2

27. Line No.	28. Description of Merchandise 29. A. HTSUS No. B. ADA/CVD No.	30. A. Grossweight B. Manifest Qty.	31. Net Quantity in HTSUS Units	32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No.	34. Duty and I.R. Tax Dollars Cents
	CN/HK EO 20% DUTY					
	0	0 KG		0	20%	112.00
	9903.01.24					
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0	0 KG		0	FREE	0.00
	9903.01.28					
	CNDONHON407DON					
	OTHER RESISTORS NSPF					
	0	13.59 KG	2000 NO	560	FREE	0.00
	8533.40.8070					
	CNDONHON407DON					
004 57078	ARTICLE OF CHINA,US NTE 20					
	0	0 KG		0	25%	190.00
	9903.88.01			C53		
					0.3464 %(MPF)	2.63
					0.125 %(HMF)	0.95
	CNDONHON407DON					
	CN/HK EO 20% DUTY					
	0	0 KG		0	20%	152.00
	9903.01.24					
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0	0 KG		0	FREE	0.00
	9903.01.28					
	CNDONHON407DON					
	OTHER RESISTORS NSPF					
	0	18.45 KG	4000 NO	760	FREE	0.00
	8533.40.8070					
	CNDONHON407DON					
005 57078	ARTICLE OF CHINA,US NTE 20					
	0	0 KG		0	25%	95.00
	9903.88.01			C27		
					0.3464 %(MPF)	1.32
					0.125 %(HMF)	0.48
	CNDONHON407DON					

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U.S. Customs and Border Protection

ENTRY SUMMARY CONTINUATION SHEET

1. Filer Code/Entry No.
SCS 9756839-2

27. Line No.	28. Description of Merchandise 29. A. HTSUS No. B. ADA/CVD No.	30. A. Grossweight B. Manifest Qty.	31. Net Quantity in HTSUS Units	32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No.	34. Duty and I.R. Tax Dollars Cents
	CN/HK EO 20% DUTY					
	0 9903.01.24	0 KG		0	20%	76.00
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0 9903.01.28	0 KG		0	FREE	0.00
	CNDONHON407DON					
	OTHER RESISTORS NSPF					
	0 8533.40.8070	9.22 KG	2000 NO	380	FREE	0.00
	CNDONHON407DON					
006 57078	ARTICLE OF CHINA,US NTE 20					
	0 9903.88.01	0 KG		0 C70	25% 0.3464 %(MPF) 0.125 %(HMF)	250.00 3.46 1.25
	CNDONHON407DON					
	CN/HK EO 20% DUTY					
	0 9903.01.24	0 KG		0	20%	200.00
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0 9903.01.28	0 KG		0	FREE	0.00
	CNDONHON407DON					
	OTHER RESISTORS NSPF					
	0 8533.40.8070	24.27 KG	2000 NO	1000	FREE	0.00
	CNDONHON407DON					
007 57078	ARTICLE OF CHINA,US NTE 20					
	0 9903.88.01	0 KG		0 C155	25% 0.3464 %(MPF) 0.125 %(HMF)	560.00 7.76 2.80
	CNDONHON407DON					

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U.S. Customs and Border Protection

ENTRY SUMMARY CONTINUATION SHEET

1. Filer Code/Entry No.
SCS 9756839-2

27. Line No.	28. Description of Merchandise / 29. A. HTSUS No. B. ADA/CVD No.	30. A. Grossweight B. Manifest Qty.	31. Net Quantity in HTSUS Units	32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No.	34. Duty and I.R. Tax Dollars Cents
	CN/HK EO 20% DUTY					
	0 9903.01.24	0 KG		0	20%	448.00
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0 9903.01.28	0 KG		0	FREE	0.00
	CNDONHON407DON					
	SWITCHES F/ELEC CIRCUITS,					
	0 8536.50.9065	54.37 KG	8000 NO	2240	FREE	0.00
	CNHONYUA210DON					
008 57078	ARTICLE OF CHINA,US NTE 20					
	0 9903.88.01	0 KG		0 C71	25% 0.3464 %(MPF) 0.125 %(HMF)	255.00 3.53 1.28
	CNDONHON407DON					
	CN/HK EO 20% DUTY					
	0 9903.01.24	0 KG		0	20%	204.00
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0 9903.01.28	0 KG		0	FREE	0.00
	CNDONHON407DON					
	SWITCHES F/ELEC CIRCUITS,					
	0 8536.50.9065	24.76 KG	2000 NO	1020	FREE	0.00
	CNDONHON407DON					
009 57078	ARTICLE OF CHINA,US NTE 20					
	0 9903.88.01	0 KG		0 C27	25% 0.3464 %(MPF) 0.125 %(HMF)	95.00 1.32 0.48
	CNDONHON407DON					

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Page # 6
OMB No. 1651-0022
EXP 03-31-2025

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection

ENTRY SUMMARY CONTINUATION SHEET

1. Filer Code/Entry No.
SCS 9756839-2

27. Line No.	28. Description of Merchandise — 29. A. HTSUS No. B. ADA/CVD No.	30. A. Grossweight B. Manifest Qty.	31. Net Quantity in HTSUS Units	32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No.	34. Duty and I.R. Tax Dollars Cents
	CN/HK EO 20% DUTY					
	0 9903.01.24	0 KG		0	20%	76.00
	CNDONHON407DON IEEPA-RECIPROCAL EXCL IN TRAN					
	0 9903.01.28	0 KG		0	FREE	0.00
	CNDONHON407DON OTHER RESISTORS NSPF					
	0 8533.40.8070	9.22 KG	2000 NO	380	FREE	0.00
010 57078	CNDONHON407DON ARTICLE OF CHINA,US NTE 20					
	0 9903.88.01	0 KG		0 C421	25% 0.3464 %(MPF) 0.125 %(HMF)	1530.00 21.20 7.65
	CNDONHON407DON CN/HK EO 20% DUTY					
	0 9903.01.24	0 KG		0	20%	1224.00
	CNDONHON407DON IEEPA-RECIPROCAL EXCL IN TRAN					
	0 9903.01.28	0 KG		0	FREE	0.00
	CNDONHON407DON SWITCHES F/ELEC CIRCUITS,					
	0 8536.50.9065	148.55 KG	6000 NO	6120	FREE	0.00
011 57078	CNDONHON407DON ARTICLE OF CHINA,US NTE 20					
	0 9903.88.01	0 KG		0 C39	25% 0.3464 %(MPF) 0.125 %(HMF)	140.00 1.94 0.70
	CNDONHON407DON					

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Page # 7
OMB No. 1651-0022
EXP 03-31-2025

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection

ENTRY SUMMARY CONTINUATION SHEET

1. Filer Code/Entry No.
SCS 9756839-2

27. Line No.	28. Description of Merchandise: 29. A. HTSUS No. B. ADA/CVD No.	30. A. Grossweight B. Manifest Qty.	31. Net Quantity in HTSUS Units	32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No.	34. Duty and I.R. Tax Dollars Cents
	CN/HK EO 20% DUTY					
	0	0 KG		0	20%	112.00
	9903.01.24					
	CNDONHON407DON					
	IEEPA-RECIPROCAL EXCL IN TRAN					
	0	0 KG		0	FREE	0.00
	9903.01.28					
	CNDONHON407DON					
	OTHER RESISTORS NSPF					
	0	13.59 KG	2000 NO	560	FREE	0.00
	8533.40.8070					
	CNHONYUA210DON					
	MPF	49.95				
	HMF	18.04				
	INV VALUE	14420.00 USD				
	NEV	14420.00 USD				
	US$	14420.00 USD				
	INV VALUE	14420.00 USD				
	NEV	14420.00 USD				
	US$	14420.00 USD				

CBP Form 7501 (06/09)

GBK

Page 1 Of 3

ABI CERTIFIED PAPERLESS

UPS SUPPLY CHAIN SOLUTIONS
660 FRITZ DRIVE
COPPELL
TX 75019

ACE ENTRY / IMMEDIATE DELIVERY

SCS-9756839-2

1. ARRIVAL DATE 041125	2. ELECTED ENTRY DATE 041525	3. ENTRY TYPE CODE/NAME 01	4. ENTRY NUMBER SCS-9756839-2
5. PORT 2704	6. SINGLE TRANS. BOND	7. BROKER/IMPORTER FILE NUMBER BRNB1347737	
	8. CONSIGNEE NUMBER 20-241352200		9. IMPORTER NUMBER 20-241352200
10. ULTIMATE CONSIGNEE NAME KEELEY ELECTRONICS 14 NW 132ND ST OKLAHOMA CITY OK 73114 US		11. IMPORTER OF RECORD NAME KEELEY ELECTRONICS INC 14 NW 132ND ST OKLAHOMA CITY OK 73114 US	
12. CARRIER CODE OOLU	13. VOYAGE/FLIGHT/TRIP 069E	14. LOCATION OF GOODS-CODE(S)/NAME(S) Y292/ST. GEORGE WAREHOUSING CO. (CFS)	
15. VESSEL CODE/NAME COSCO ENGLAND			
16. U.S. PORT OF UNLADING 2704	17. MANIFEST NUMBER	18. G.O. NUMBER	19. TOTAL VALUE 14420 USD
20. DESCRIPTION OF MERCHANDISE CARGO,N.O.S - DH			

21. IT/BL/AWB CODE	22. IT/BL/AWB NO.	23. MANIFEST QUANTITY	24. H.S. NUMBER	25. COUNTRY OF ORIGIN	26. MANUFACTURER NO.
I			9903.88.01	CN	CNDONHON407DON
M	OOLU2306728400		9903.01.24	CN	CNDONHON407DON
H	UASI7809050249	27	9903.01.28	CN	CNDONHON407DON
			8533.40.8070	CN	CNDONHON407DON

ADD'L

PAUL GEHRIG(ATTY-N-FACT)

518-569-2226 041525

EXAM SITE: ST. GEORGE WAREHOUSING CO. (CFS)
CONTAINER NUMBER(S): 1
TGBU9269439

Release date: 2025-04-15
Notification records: 95, 98, 01
SO60 received: 041525 1757

Electronic Entry Release Notification Port Of: 2704
I certify that proper release for the cargo has been received from US Customs and Border Protection. UPS Supply Chain Solutions, Inc.
Authorizing Official: Date:2025-04-15

Entry / Immediate Delivery

UPS SUPPLY CHAIN SOLUTIONS
660 FRITZ DRIVE
COPPELL
TX 75019

Page 2

Entry Number: SCS-9756839-2

SCS-9756839-2

*** ADDITIONAL BILLS

IT/BL/AWB CODE	IT/BL/AWB NO.	V/F/T	ARRIVAL DATE	QUANTITY

*** ADDITIONAL TSUSA (HS) NUMBERS

H.S. NUMBER	COUNTRY OF ORIGIN	MANUFACTURER ID
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8533.40.8070	CN	CNDONHON407DON
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8533.40.8070	CN	CNDONHON407DON
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8533.40.8070	CN	CNDONHON407DON
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8533.40.8070	CN	CNDONHON407DON
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8533.40.8070	CN	CNDONHON407DON
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8536.50.9065	CN	CNHONYUA210DON

*** ADDITIONAL CONTAINERS

Entry / Immediate Delivery

UPS SUPPLY CHAIN SOLUTIONS
660 FRITZ DRIVE
COPPELL
TX 75019

Page 3

Entry Number: SCS-9756839-2

SCS-9756839-2

*** ADDITIONAL BILLS

IT/BL/AWB CODE	IT/BL/AWB NO.	V/F/T	ARRIVAL DATE	QUANTITY

*** ADDITIONAL TSUSA (HS) NUMBERS

H.S. NUMBER	COUNTRY OF ORIGIN	MANUFACTURER ID
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8536.50.9065	CN	CNDONHON407DON
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8533.40.8070	CN	CNDONHON407DON
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8536.50.9065	CN	CNDONHON407DON
9903.88.01	CN	CNDONHON407DON
9903.01.24	CN	CNDONHON407DON
9903.01.28	CN	CNDONHON407DON
8533.40.8070	CN	CNHONYUA210DON

*** ADDITIONAL CONTAINERS

东莞市宏沅电子有限公司
Dongguan Hongyuan Electronics Co.,Ltd.
407 ,No. 262,XiHu Middle Road ,ShiLong Town ,DongGuan City ,GuangDong Province ,China zip code:523325
TEL:+86-076981772839 Mobile:+8613928394458 (Rita)
www.honyet.com
Email:sales1hongyuan@163.com

Commercial invoice

To: Keeley Electronics,Inc
ATTN:Mr Charles France
Add: 14 NW 132nd St.Oklahoma City, OK 73114 USA.
TEL: (405) 341-2025

DATE:Jan,24th,2025
Invoice No: PI20250124
P00146&P00219

ITEM	Commodity name	Part number	QTY (PCS)	UNIT PRICE (USD) EXW	TOTAL AMOUNT (USD)
#01	Rotary potentiometer	RV9312NO-OS18A00-C500K-060	2000	0.28	560
#02	Rotary potentiometer	RV9312NO-OS18A00-B10K-060	3000	0.28	840
#03	Rotary potentiometer	RV9312NO-OS18A00-A100K-060	2000	0.28	560
#04	Rotary potentiometer	H161NP5A-1+T2 A100K L15RA(E1)	4000	0.19	760
#05	Rotary potentiometer	H161NP5A-1+T2 B100K L15RA(E1)	2000	0.19	380
#06	Rotary potentiometer	RV9312NM-OS19A1.5-B10K-067N	2000	0.50	1000
#07	Toggle switch	MT-0-102-C110-M200-RS	8000	0.28	2240
#08	Rotary switch	RS1215P1S3BE-H1-OS22.5A1.5-00	2000	0.51	1020
#09	Rotary potentiometer	H161NP5A-1+T2 C1M L15RA(E1)	2000	0.19	380
#10	Foot switch	PBS-24B-4-L	6000	1.02	6120
#11	Rotary potentiometer	RV9322NO-OS15A00-B103-060	2000	0.28	560
TOTAL			**35000**		**14,420.0**
Remark					

Dongguan Hongyuan Electronics Co.,Ltd.

Rita

东莞市宏沅电子有限公司
Dongguan Hongyuan Electronics Co.,Ltd.
407 ,No. 262,XiHu Middle Road ,ShiLong Town ,DongGuan City ,GuangDong Province ,China.Zip code:523325
TEL:+86-0769817728З9 Mobile:+8613928394458

Customer: Keeley Electronics,Inc — Date: Mar,14th2025
ATTN: Mr Charles France — PL NO:PL 25 03 14
ADD.: 14 NW 132nd St.Oklahoma City, OK 73114 USA. — P00146&p00219
Tel/Fax (405) 341-2025

Packing list 装箱单

Carton NO	Commodity name	Part num er	uantity (pcs)	carton/pcs	Ne: eight (kg)	Total net eight (kg)	ross eigh (kg)	carton si e (cm)	m
1-1	Rotary potentiometer	RV9312NO-OS18A00-C500K-060	2000	2000	0.00500	10.0000	11.3000	36*31.5*21	0.02
2-2	Rotary potentiometer	RV9312NO-OS18A00-B10K-060	2000	2000	0.00500	10.0000	11.3000	36*31.5*21	0.02
3-3	Rotary potentiometer	RV9312NO-OS18A00-B10K-060	1000	1000	0.00500	5.0000	6.0000	30*20*20	0.01
4-4	Rotary potentiometer	RV9312NO-OS18A00-A100K-060	2000	2000	0.00500	10.0000	11.3000	36*31.5*21	0.02
5-5	Rotary potentiometer	RV9312NM-OS19A1.5-B10K-067N	2000	2000	0.00640	12.8000	14.8000	36*29*29	0.03
6-6	Rotary potentiometer	RV9322NO-OS15A00-B103-060	2000	2000	0.00500	10.0000	11.3000	36*31.5*21	0.02
7-10	Rotary potentiometer	H161NP5A-1+T2 A100K L15RA(E1)	4000	1000	0.00770	30.8000	35.2000	36*31.5*23	0.10
11-12	Rotary potentiometer	H161NP5A-1+T2 B100K L15RA(E1)	2000	1000	0.00770	15.4000	17.6000	36*31.5*23	0.05
13-14	Rotary potentiometer	H161NP5A-1+T2 C1M L15RA(E1)	2000	1000	0.00770	15.4000	17.6000	36*31.5*23	0.05
15-16	Rotary switch	RS1215P1S3BE-H1-OS22.5A1.5-00	2000	1000	0.00940	18.8000	22.0000	47*30*23	0.06
17-18	Toggle switch	MT-0-102-C110-M200-RS	8000	4000	0.00360	28.8000	32.0000	40*30*25	0.06
19-19	Nuts	use for MT-0-102-C110-M200-RS	16000	16000	0.00034	5.4400	11.0000	37.5*22*13	0.01
	Washer	use for MT-0-102-C110-M200-RS	16000	16000	0.00030	4.8000			
20-26	Foot switch	PBS-24B-4-L	5460	780	0.02300	125.5800	135.1000	52*27*25	0.27
27-27	Foot switch	PBS-24B-4-L	540	540	0.02300	12.4200	13.5000	52*27*20.5	0.035
TOTAL			**35000**			**315.2400**	**350.0000**		**0.787**

Dongguan Hongyuan Electronics Co.,Ltd.

Rita Yan

CHAIR. Thank you, Ms. Robbins. Mr. Riley, you're recognized for five minutes.

STATEMENT OF MR. BRIAN RILEY, FOUNDER AND CEO, GUARDIAN BIKES, SEYMOUR, INDIANA

Mr. RILEY. Chair Ernst and the distinguished members of the committee. Thank you for the opportunity to testify today. My name is Brian Riley and I'm the co-founder and CEO of Guardian Bikes, a company I started 15 years ago while I was still in college with a simple mission: to make bicycles safer for families.

The inspiration to start the company came from a traumatic accident that my grandfather had on his bicycle. When I was growing up, my grandpa, Lee Bowman, used to ride his bike around the neighborhood for exercise. One day, a car cut him off. He panicked overapplied his front brake, and that sent him flipping over the front of his handlebars. He landed on his head and broke his neck. He was found on the side of the road by someone who called 911. Luckily, he survived, but needless to say, it was a traumatic experience that my family and I went through.

When I was in college, I kept thinking about what problem I could help solve. I decided to work on a new type of bicycle braking system, which could prevent the type of accident that my grandfather had. After numerous failed prototypes, the SureStop braking system was born, an important innovation which made this type of accident a thing of the past.

In those early years, I was convinced that the right business model for this was to partner with the major bike brands to get the SureStop Braking system adopted into their new bike models. So, from the age of 21 to 26, I traveled around the world partnering with bike companies to get SureStop adopted.

During those years, I got an up-close look at exactly how the bicycle industry worked. I quickly learned that every major bicycle brand in the United States was partnered with a Chinese OEM factory to manufacture bikes for U.S. consumption. In fact, the entire bicycle component supply chain was completely dominated by China as well. The Chinese OEM would handle the ordering of the components from brakes to handlebars to hubs, and would then build a complete bike for each American bike brand.

That meant that no matter what brand we choose to partner with, our customer that would buy the SureStop brake components from us, would actually be the Chinese OEM factory that's building the bicycle for the brand. That meant I spent a lot of time traveling to China and seeing all the major factories in China.

It was an interesting start to a career. I learned how the entire value chain for bicycles worked, from production to retail. And contrary to my parents and grandparents' generation, when bike companies like Schwinn were American manufacturing powerhouses employing many thousands of people in the Midwest, when I entered the industry in 2010, not a single bike brand sold in the U.S. was manufactured in the U.S. anymore.

In addition, most of the iconic bicycle brands had not only shored all their production, but over the years, most had become foreign owned as well. With unique IP in this industry, and a value chain dominated by China, it was difficult to control our own destiny being a component supplier. Eventually, I decided to evolve the company and integrate our SureStop technology into our own bikes, and build a new type of bike company from the ground up. This is how Guardian Bikes of today was born.

As we got started, we imported bikes from China like everyone else. However, when the 301 tariffs started under President Trump's first term, and later COVID supply chain disruptions came, we decided this was the moment to take a big bet and do what everyone in our industry insisted was impossible. We decided to start a bicycle factory in the United States.

In 2022, Guardian Bikes officially opened its factory in Seymour, Indiana. And in just 36 months, we've quickly become the first and only large scale bicycle factory to exist in the United States since the industry decided to completely offshore production decades ago. We now employ 250 people in Indiana, making 2,000 safe quality bikes every single day. We're doing it profitably. We're growing quickly, and we're demonstrating that reshoring production in the United States is not as impossible as many might say.

Starting and scaling this business required capital. Early on, a crucial SBA 7(a) loan helped us get off the ground, but it was only a starting point. What truly allowed us to execute on the factory was patient, long-term capital from private equity investors who believed in our vision.

Senator Ernst's Made in America Manufacturing Finance Act, which would double the loan limit for SBA 7(a) and 504 loan programs to 10 million for small manufacturers, would be instrumental in furthering growth of American companies looking to reshore production. Increasing working capital through this legislation would empower small manufacturers to start or expand production, hire more Americans, and solidify the U.S. as a viable place to start factories again.

Ultimately, our experience with Guardian Bikes, proves that reshoring manufacturing isn't theoretical, it's achievable, sustainable, and it's necessary. By investing in American made products, strengthening public-private partnerships, and ensuring our trade policies prioritize domestic production, we can empower small businesses like mine to lead America's manufacturing resurgence.

Thank you for the opportunity to share my story.

[The prepared statement of Mr. Riley follows.]

Testimony of Brian Riley
Founder & CEO, Guardian Bikes
Hearing Entitled *"Financing America's Manufacturing and Industrial Boom"*
United States Senate Committee on Small Business and Entrepreneurship

May 14, 2025

Chair Ernst, Ranking Member Markey, and Distinguished Members of the Committee:

Thank you for the opportunity to testify today.

My name is Brian Riley, and I am the Co-Founder and CEO of Guardian Bikes, a company I started 15 years ago, while I was still in college, with a simple mission: to make bicycles safer for people.

The inspiration to start the company came from a traumatic accident that my Grandfather had on his bicycle. When I was a kid growing up, my Grandpa, Lee Bowman, used to ride his bike around the neighborhood for exercise. One day, a car cut him off, he panicked and overapplied his front brake, causing the front wheel to lock up and sending him flipping over the front of the bike. He landed on his head and broke his neck and was found on the side of the road by someone who called 911. Luckily, my Grandpa survived the accident, but it was a traumatic experience that my family and I went through.

When I went to college, I kept thinking about what problem I could help solve. I decided to work on a new type of bicycle braking system which could completely prevent the type of accident that my grandfather had. After numerous failed prototypes, the SureStop braking system was eventually born, an important innovation which made this type of accident a thing of the past. I was convinced that the right business model for this invention was to partner with the major bike brands to get SureStop planned into their new bike models. So, from the age of 21 to 26, I traveled around partnering with existing bike brands to get the SureStop braking system adopted onto their new bike models.

As I began to work within the industry, I quickly learned that every single bike brand in the United States was importing bikes from Chinese OEM bike factories. In fact, the entire bike component supply chain was in China as well. Things like brakes, wheels and handlebars would be ordered by these Chinese OEM factories, who would then sell a complete bike in a box to an entity in the USA, and eventually it would make it to an American consumer. So, while a company like Huffy or Schwinn would make the decision to use the SureStop brake system on a model—our customer buying our SureStop components was the Chinese OEM factory.

It was an interesting start to a career. I learned how the entire value chain for bicycles worked, from production to retail. Contrary to past decades in the U.S., when bike companies like Schwinn were American manufacturing powerhouses, when I entered the industry as a young person in 2010, not a *single* bike brand sold in the U.S. was manufacturing in the U.S. In addition, the American brands I had grown up on – like Schwinn or Huffy, had not only outsourced all their production, but it turned out most of these popular brands were foreign owned as well.

By 2016, we decided to pivot the company from a bicycle brake component supplier to start our own bike company and integrate our SureStop braking technology onto our own bikes. This is how Guardian Bikes was born.

Initially, we had to use the Chinese OEM supply chain to make our early bikes. However, as tariffs started in 2017 and 2018 under President Trump's first term, and later Covid supply chain disruptions started happening, we decided to build a factory to make our bikes in the US.

In 2022, we started our bike factory in Seymour, Indiana. In just 36 months, we've become the first large-scale bicycle factory to exist in the United States since the industry completely left the U.S. in the 1990s. We employ 250 people, making 2,000 safe, quality, American made bicycles per day, and are rapidly growing.

Starting and scaling this business required capital. Early on, a crucial SBA 7(a) loan helped us get off the ground, but it was only a starting point. What truly allowed us to grow was patient, long-term capital from private investors that provided us the equity injection we needed to build our first U.S. manufacturing facility.

Senator Ernst's Made in America Manufacturing Finance Act—which would double the loan limit for SBA's 7(a) and 504 loan programs to $10 million for small manufacturers with U.S. production facilities—would be instrumental in furthering growth of American companies looking to re-shore production. Increased working capital through this legislation would empower small manufacturers to start or expand production, hire more Americans, and help solidify the U.S. as a viable place to start factories again.

Private investors and lenders often lack incentives or confidence to invest long-term in U.S. manufacturing. Public-private partnerships like SBA's 7(a), 504, and SBIC programs are precisely the kind of tools that can help small manufacturers. Expanding and improving these programs would encourage more patient, long-term capital into domestic production.

Another obstacle is imports from low-wage countries, particularly in Asia, which also benefit from subsidized steel and aluminum. Over 200 million pounds of overseas steel and 40,000,000 pounds of overseas aluminum are imported into the United States annually in the form of finished bicycles.

Bicycle manufacturing *can* come back to America, and serve a critical role in sustaining a healthy and competitive U.S. steel and aluminum industry.

Seventy-five years ago, over 99% of bikes sold in America were made in America. Many American bicycle manufacturers and their network of domestic bicycle component suppliers shifted to wartime production during WWII in order to support the war effort, a key element to sustaining America's fight during the war.

However, after World War 2, bike tariffs were slashed from 30% to an average of 11%, and by 1955, imports had captured a staggering 40.6% of domestic bicycle sales. Various trade enforcement actions helped slow further bleeding over the next few decades, but it was a steady decline. By 1999, the three remaining major U.S. bike manufacturers had shut down all domestic manufacturing, laying off thousands of employees.

Today, an astonishing 85% of all bikes sold in the United States are imported from China, despite the supplemental 25% tariff on bicycles from China as part of 2018 Section 301 action supported by both the prior Administrations.

As the Administration works to reshore production of automobiles, trucks, and airplanes, they should not forget about bicycles. The labor-intensive nature of bicycle manufacturing can rapidly create thousands of good jobs if a protective tariff for bicycles is set. A protective tariff need not limit competition; foreign manufactures are welcome to invest in America and compete for our market by paying American wages and buying American steel. A modestly protective tariff of $150 per bicycle would have the effect of reshoring most mass-market bicycle production while not materially affecting high-performance, limited-production imported bicycles.

This is how we must rethink our approach to trade policy. Historically, policymakers prioritized foreign market access concessions at the expense of our domestic manufacturing base. Yet, exports represent only a small fraction of the American economy—just about 11 percent of GDP. By contrast, domestic consumption drives nearly 70 percent of our economic activity. To achieve lasting prosperity, we must prioritize policies that encourage producing goods here at home to satisfy domestic demand first and foremost.

Section 232 measures are the most effective tool to safeguard and rebuild vital domestic industries. Unlike traditional trade agreements, which frequently promise uncertain and elusive access to foreign markets, Section 232 tariffs deliver immediate and enforceable protection for American businesses. We should never compromise on these effective measures in exchange for theoretical export opportunities that rarely translate into real economic benefit. When faced with choosing between solid, enforceable domestic protections and speculative foreign market opportunities, the right decision is always clear: invest in America.

The most effective way to build a robust American economy is by investing in our domestic industrial base, ensuring good-paying jobs for our communities, and revitalizing critical manufacturing industries across our heartland. Exports can play a supporting role, but they should never be the cornerstone of our economic strategy.

President Trump's trade policies have made significant strides in reshaping our economic approach—especially by implementing foundational tariffs and prioritizing American workers and industry. But there remains much to do. Now is the moment to strengthen our tariff frameworks, reinforce strategic protections for critical industries, and resist reverting to failed, reciprocal trade agreements that favor uncertain promises over guaranteed domestic growth.

Ultimately, our experience at Guardian Bikes proves that reshoring manufacturing isn't theoretical—it's achievable, sustainable, and necessary. By investing in American-made products, strengthening public-private partnerships, and ensuring our trade policies prioritize domestic production, we can empower small businesses like mine to lead America's manufacturing resurgence.

Thank you for the opportunity to share my story.

CHAIR. Thank you, Mr. Riley. And next, Mr. Geis, you're recognized for five minutes.

STATEMENT OF MR. BENJAMIN GEIS, MANAGING DIRECTOR, EAGLE PRIVATE CAPITAL, ST. LOUIS, MISSOURI

Mr. GEIS. Good afternoon, Chair Ernst, and distinguished members of the committee. Thank you for the opportunity to speak with you today. My name is Ben Geis and I'm a Managing Director at Eagle Private Capital based in St. Louis, Missouri, and current chair of the board at the Small Business Investor Alliance.

I'm proud to be here, not just as representative of my firm and SBA, but as someone who understands firsthand economic challenges and the potential of rural and lower income America. I grew up in a town of just 600 people in Nebraska, and my partners hail from in and around the St. Louis, Missouri. We're raised in communities where entrepreneurship is common, but access to capital is often limited. That's why we chose to use our backgrounds in finance, not on Wall Street, but to invest in America's small businesses, particularly in the communities that shaped us.

Eagle Private Capital was founded in 2003 with a mission to provide growth capital to small businesses through the public private partnership of the SBA Small Business Investment Company Program. Our team brings decades of experience in commercial lending, investment banking, and accounting. Over the past 20 years, we've invested approximately 1.27 billion in 162 small businesses through six licensed SBIC funds. Eagle Fund three was awarded SBIC of the year by the SBA, and an Eagle Fund IV portfolio company, Paragon Bioservices, was awarded the 2019 SBIC portfolio Company of the Year by the SBIA.

Eagle is currently investing out of its six SBIC fund, which was licensed in August of 2024. From this fund, we have invested in nine portfolio companies and deployed $71 million to date, less than one year into our investment period. Those numbers represent more than capital deployed. They represent real growth in real communities. Across 91 realized investments, our portfolio companies have added over 6,000 jobs and increased revenues by nearly 3 billion. In Missouri alone, we've invested in 16 companies resulting in 20 percent job growth, a meaningful impact in places where every job counts.

Let me share an example, close to home in Jackson, Missouri, a town about a hundred miles south of St. Louis, we invested in Rapco, a manufacturer and assembler of data cables and interconnect devices. When we first invested in 2008, Rapco had 550 employees. By the time we exited the investment in 2017, the company had added 105 jobs, becoming an even stronger pillar of its rural community.

But our impact isn't limited to the Midwest. We've seen similar results in 37 other states where we have investments. In Massachusetts, for example, Eagle has invested in six businesses across six funds, growing revenues by almost 80 million or 79 percent, and employees by 342 or 83 percent.

One standout is Learn Well, which provides in-person and virtual academic services for students undergoing mental health treatment. Since Eagle's initial investment in Learn Well in January 2018, the company has demonstrated remarkable resilience and growth. Over the past five years, Learn Well's performance has been exceptional. The team has grown from 115 to 233 employees, which is 103 percent expansion, and serves over 33,000 students each year.

These stories aren't one-offs. They're the result of the SBIC program. We review hundreds of opportunities a year. These are often companies that are too small, too rural, or too unique to get the attention of traditional lenders. SBICs like ours fill this gap, deploying flexible capital to companies that need it most, while working alongside the management teams, leveraging their expertise and our experience in the lower middle market to create a long-term partnership.

Finally, the investing in All of America Act introduced last Congress, by Senators John Hickenlooper and Roger Marshall, will enable SBICs to do more of what it already does well: support small businesses, create jobs, and strengthen the economic backbone of America, especially in places that too often get left behind.

Specifically, the bill provides SBICs with bonus leverage to invest in rural, low-income manufacturing or national security focused businesses. The legislation would also adjust the leverage caps to account for inflation that has risen nearly 30 percent since they were last raised. Adjusting the caps is necessary to ensure the program's investment power remains consistent with the broader markets and SBICs can continue assisting job creating small businesses across the country.

I'm proud of the work we've done and the communities we've helped grow and encourage this committee to move swiftly on the legislation so even more can be done.

Thank you for the opportunity to testify today. I look forward to your questions.

[The prepared statement of Mr. Geis follows.]

Written testimony of
Ben Geis, Managing Directory, Eagle Private Capital &
Chair of the Board, Small Business Investor Alliance (SBIA)

for the
U.S. Senate Committee on Small Business and Entrepreneurship
hearing entitled

"Financing America's Manufacturing and Industrial Boom"

428A Russell Senate Office Building at 2:30PM

May 14, 2025

SBIA
SMALL BUSINESS
INVESTOR ALLIANCE

The Small Business Investor Alliance

SBIA was formed in 1958 to represent Small Business Investment Companies, the original American venture capital and private equity funds. As the small business investing market grew more complex, so did SBIA. SBIA now includes Small Business Investment Companies (SBICs), Rural Business Investment Companies (RBICs), Business Development Companies (BDCs), conventional private equity funds, private debt funds and other funds investing in American private small businesses. We also represent the institutional investors (e.g. community banks, university endowments, pension funds) who invest into these small private funds. Our association's purpose is to represent the entire lower middle market investing ecosystem, both General Partner and Limited Partner. As such, our public policy goals are balanced and focused on maintaining a robust, healthy, and competitive market for investing in American businesses.

Private Capital Markets, Private Equity, and Venture Capital 101

The American capital markets are the envy of the world. Our capital markets are one of our greatest advantages in the highly competitive global economy. Our public markets are well known, with stock prices of very large businesses readily available and often at the top of the news. In contrast, private equity, private credit, and venture capital are far less understood, but arguably of equal or greater importance because they empower entrepreneurs to unleash innovation and growth. Private capital markets are critically important to small businesses in scaling up and becoming regionally, nationally, and globally competitive.

Private equity is a very broad category of capital providers who are commonly misunderstood and often misrepresented. The truth is, investing by private equity is a powerful force for good. Private equity is a driver of job creation, innovation, and expanding prosperity to the people and places that are not yet fully benefiting from our system of free enterprise. The profits from private equity fund the retirement security of millions of pensioners and provide the scholarship money used to provide educational access to a new generation of college students. These private equity investments are commonly made in areas of the country that are otherwise passed over or passed by. Most of our member funds are located in Little Rock, Indianapolis, Buffalo, Omaha, Kansas City, and many other places that far from Wall Street or Silicon Valley. Regardless of investing style, private equity investors in small and medium-sized businesses make money by helping the businesses grow and succeed. The idea that private equity funds make money by having businesses fail is just not true.

How Small Business Investing Works

To put it in the simplest of terms, private equity and venture funds are investment vehicles that pool capital (largely from institutional investors like pensions and endowments) and then invest in businesses that are not publicly traded to help them grow.

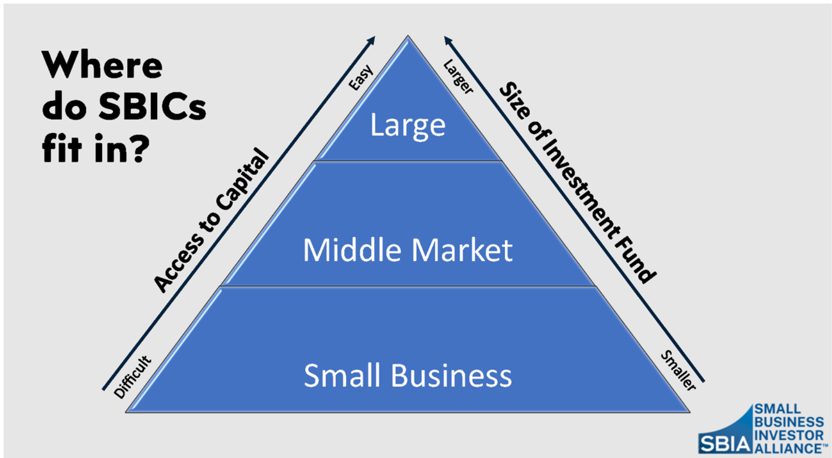
Private equity helps business grow by not only providing critical, patient capital that conventional banks cannot, but also by helping the smaller business learn how to grow and make big leaps forward that they otherwise would not have been able to achieve on their own. The only way to be a successful private equity fund in the lower and middle market is to find smaller businesses and help them grow into bigger, better businesses.

Small Business Investment Companies (SBICs)

SBICs are an American success story and example of a successful federal public policy that aligns the power of private markets with the public interest of job creation and economic growth. Congress declared in its original authorizing legislation that the SBIC program should "stimulate and supplement the flow of private equity capital and long-term loan funds which small business concerns need for the sound financing of their business operations" while also stimulating the national economy and job growth.[1]

SBICs operate in what is commonly called "the lower middle market." The small businesses that compose the lower middle market are employer firms, typically with $5-$150 million in annual revenues. Not every lower middle market business will be eligible for SBIC investment, they still must meet the size standards set by Congress and the SBA for the program. SBICs typically invest in businesses just entering the lower end of the middle market and in small businesses with growth potential to enter the middle middle market ($150-$500 million revenue/annually). Very few of these growing companies want to become publicly-traded companies and very few will ever have an IPO.

[1] Small Business Investment Act of 1958, Pub. L. 85-699 (Aug. 21, 1958). 15 U.S.C. 661.



SBICs invest exclusively in domestic small businesses, creating jobs and empowering U.S. small businesses to compete in our economy. Companies that in their early stages received SBIC investments and have subsequently grown into icons of American industry include Federal Express, Apple, Intel, and Callaway Golf. While these are recognized companies globally, many more small businesses backed by SBICs have grown from smaller businesses into robust, sustainable mid-sized businesses.

100% support for American Small Businesses

SBICs must invest in U.S. small businesses, which are defined as having the following:

- Tangible net worth of less than $24 million and average net income after Federal income taxes for the preceding two completed years of less than $8 million.
- Or, the industry size standard covering the industry in which the applicant is primarily engaged.

At least 25% of an SBIC's financings must be in smaller enterprises, defined as having the following:

- Net worth less than $6 million and average net income after Federal income taxes for the preceding two years of less than $2 million.
- Or, the size standard for the industry in which it is primarily engaged.

SBICs may not invest in, with certain exceptions, any of the following:

- Passive businesses
- Real estate businesses
- Project financing
- Farm land purchases
- Businesses contrary to public interest
- Foreign investments

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Small businesses that are experiencing a generational transfer warrant special mention because private equity, and SBICs in particular, play a critical role in successfully managing these changes. Most small businesses are "lifestyle businesses" that provide a fulfilling career and support a family, but the business will end when the owner ceases working. But there are also a large number of businesses that are meant to continue on past their founder's time and many of these founders are aging. There are hundreds of thousands of successful businesses, commonly small businesses, that were founded by baby boomers or post-baby boomers, whose owners need to retire and whose business still has its brightest days ahead. In many of these businesses the founder/owner does not have a child who is willing or able to take over this business. Without a buyer, often a private equity fund or a management team backed by a private equity fund, many of these otherwise successful small businesses will simply shut down – harming their employees, the economy, and their communities.

When these businesses facing generational transfer are sold to an SBIC or private equity fund these businesses grow. The new owners are investing for the longer term –in new equipment, new technologies, new products, and new employees. These businesses innovate like a startup but do so with the critical advantage of a proven business model. It is common for the family or founder of the business to retain a minority ownership stake in the business and therefore participate in the ongoing success of the now growing business. The failure rate of these investments is low and the growth rate (both profit and employment) is high.

Impact of SBICs

SBICs are a critical part of the small business capital markets. SBICs investments are overwhelmingly the first institutional capital to ever be deployed into the small business they are backing. Further, once SBIC capital is invested into a small business then the small business is often able to access more conventional bank capital. SBICs are only able to make a profit by successfully growing small businesses.

Since inception, all SBICs have made over 198,000 investments in U.S. small businesses totaling nearly $140 billion.[2] These investments are in real companies with real staying power and real growth potential.

In FY2024, the capital committed to U.S. small businesses from licensed SBIC funds was nearly $47 billion, a record level over 50 percent higher than five years ago.[3] Nearly one in four investments, moreover, were made in underserved small businesses.[4] During 2024, the SBIC program had 318 active funds[5].

Last week, SBA announced it has granted at least 49 green light approvals to SBICs so far in FY2025.[6] At least 27 new SBIC licenses have been issued, and we are only about halfway through the year. To put that in perspective, the Agency issued just 26 licenses in all of FY2023.

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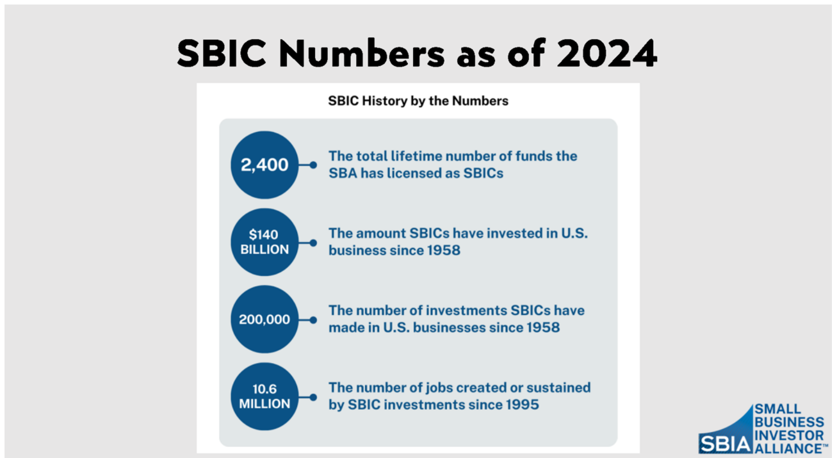
[2] Small Business Administration, March 2025 Offering Circular for Trust Certificates.

[3] Small Business Administration, *Small Business Investment Company (SBIC) Program Overview Report for FY2024* (last visited March 11, 2025)

[4] The Office of Investment and Innovation reports financing information based on data collected on the SBA Form 1031. The term "Underserved" and represents women-owned, minority-owned, and veteran-owned small businesses or small businesses who are located in a low-to-moderate (LMI) income area.

[5] Id.

[6] With Green Light Approval, SBIC Applicants are approved to proceed with raising private capital necessary for Final SBIC License approval. Receiving Green Light Approval is an important milestone, and pending no material adverse changes following this approval, sufficient private capital being raised, and submission of Final License Application and fees, Green Light Approved Applicants proceed to receive an SBIC License.



[7]

Supporting Small Domestic Manufacturers and the Industrial Base

Manufacturing plays a critical role in the US economy. The sector employs nearly 16 million people and directly accounts for over ten percent of total GDP.[8] Adding in the indirect impact of supply chain sourcing around the country, this jumps to over 17 percent.[9] As such, manufacturing is an ecosystem that needs capital, a prepared workforce, working supply chains, and transportation and logistics. The United States has most of these, but all require improvements and good public policy. With technology having transformed every sector of our industrial base over the past 50 years, good public policies should aim to support manufacturing broadly, not just focus on "advanced manufacturing". Manufacturing is a web of interconnected industries that all play an important role in our economic ecosystem.

SBICs currently make approximately 20 percent of all investments in the manufacturing sector. While some of the policies needed to promote manufacturing need improvements from the states and local governments (zoning, etc.), there are things this Committee can do to boost investment in small domestic manufacturers via the SBIC program. The Investing in All of America Act, discussed in more detail below, would unlock "bonus" leverage for investing in manufacturers, businesses in low-income and rural areas, and technologies critical to our national defense.

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[7] Jobs are a sum of findings from Library of Congress report entitled "Measuring the Role of the SBIC Program in Small Business Job Creation" from 1995-2014 and data from SBA SBIC annual reports 2014-2024.
[8] National Institute of Standards and Technology, *Annual Report on the U.S. Manufacturing Economy: 2024*, Annual Report on the U.S. Manufacturing Economy: 2024
[9] *Id.*

SBIC Structure

Most SBICs are levered (debenture) funds, which means those funds are authorized to borrow money from a federally authorized credit facility using the Federal Home Loan Bank system. It is critical to note that unlike other SBA programs, the investments made by the SBICs have zero investor guarantee. All private capital can be lost with a bad investment – the private sector is fully exposed to risk with the SBA leverage protected by the private capital. Access to this SBA/Federal leverage permits individual SBICs to multiply paid-in private capital up to two times capital or $175 million, whichever is less. Almost all SBIC Funds have a finite term, with an investing period of 5 years and then a harvesting period of another 5 years. As such, SBICs commonly have several SBIC funds that are in different parts of their investing/harvesting life cycles (investing, harvesting, and then forming their next fund). The maximum leverage for an SBIC family of funds (a group that holds multiple SBIC licenses) is currently $350 million. Leverage is provided at a **zero-subsidy rate**, with no annual appropriations necessary to fund up to $6 billion a year (FY25 Continuing Resolution), which is eventually paid back in full to the SBA with interest and fees. (*See Appendix for the typical lifecycle of a traditional SBIC*).

Accrual Debentures and Reinvestor SBICs

SBA has relatively new additional tools to fill more types of capital access gaps in the market: Accrual and Reinvestor SBICs. Accrual SBICs are leveraged funds but interest accrues and is paid back by the SBIC at the end of the 10-year debenture period to better align with the cash flows of long-term, equity-oriented funds. Equity investments allow small businesses to retain their liquid capital for both growth and working capital. Reinvestor SBICs are a subset of Accrual SBICs for the express purpose of reinvesting in a portfolio of smaller investment funds to increase the geographic reach of the SBIC program. Reinvestor SBICs are in a category commonly referred to in the investing industry as "funds-of-funds". Reinvestor funds are a market-driven developmental league to provide more capital to a next generation of emerging small business investors.

SBIC Critical Technologies Initiative

The SBIC Critical Technologies Initiative is a partnership between SBA and the Department of Defense (DOD) to increase investments in a broad range of small businesses that operate in critical national security industries and supply chains. These small businesses are not necessarily government contractors, but are in key industries we need to develop domestically. SBA and DOD have identified gaps in the credit markets for high-tech startups and small businesses that could produce the technology needed for future national security efforts.

License Type	Investment Strategy	Details
Standard SBIC	Private Credit, Structure Equity or Mezzanine	• Uses Standard Debenture • Eligible for up to 2 tiers of leverage • $175M for one fund or $350M for family of funds
Accrual SBIC	Venture, Growth or Buyout	• Uses Accrual Debenture • Eligible for up to 1.25 tiers of leverage • $175M cap for one fund, $350M for family of funds
Non-Leveraged SBIC	Benefits of an SBIC license, without SBA leverage	• No funding from SBA • Typically established and owned by a bank • Provides financial institutions with opportunities to receive Community Reinvestment Act credit and a limited exemption from the Volker Act
Reinvestor SBIC	Fund-of-Funds	• Uses Accrual Debentures • Must invest ≥ 50% of capital in private funds • Eligible for up to 2x tiers of leverage • $175M cap for one fund, $350M for family of funds
Critical Technologies SBIC	Heavy focus on National Security and Defense	• Can be Standard or Accrual • Must invest 60% in Critical Technologies • Partnership with DoD • Critical to National Security

State of Small Business Access to Capital

For small businesses, access to capital is a distinguishing feature that often determines success or failure. It is noteworthy that access to capital often is the single highest concern for growing small businesses. It is much more difficult for smaller businesses to access long term patient capital than it is for medium-sized or larger businesses.

Traditionally, community and regional banks generally help finance businesses that have assets to borrow against. Even when banks can provide capital, they generally cannot provide equity or many of the flexible types of capital that growing small businesses need. Unfortunately, smaller and more rural businesses have even more difficultly accessing traditional sources of capital, particularly if there is any equity in the transaction. Also, many small businesses do not have adequate assets to access the amount of bank loans that they need. Smaller businesses are seen as too risky for most banks and larger financial institutions. Equity and subordinated debt provided by SBICs, RBICs, and other PE/VC funds enable small businesses to access bank loans that otherwise would be unavailable.

Additionally, smaller businesses need hands-on help to manage growth while some need help to navigate changes in the competitive landscape. Some family-owned small businesses need help to transfer ownership when the original founders are ready to retire but want to maintain the business as a going concern. This is the kind of help that SBIC funds can provide.

SBIA Policy Recommendations

While the SBIC program has shown record growth over the past 15 years, there are policies this committee can consider to expand access to capital in unserved geographies, ensure the SBICs remain on par with rising inflation, and provide the Office of Investment and Innovation with the resources necessary to administer the program.

SBIA strongly supports the Investing in All of America Act

SBIA strongly urges Congress to consider and pass the Investing in All of America Act, to increase access to capital through the SBIC program. This bipartisan legislation was led in the Senate by Sens. John Hickenlooper (CO) and Roger Marshall (KS) last congress and has been reintroduced in the House by Reps. Dan Meuser (PA) and Hilary Scholten (MI). The bill will encourage private capital investments in the parts of America that are often overlooked, including small manufacturers.

Last Congress, meaningful improvements were made to the bill, including an adjustment to how college and university investments are treated which will unlock significant new investment into SBICs to the benefit of both students and small businesses. That bill passed the House unanimously last year.

This year's version of the bill makes one additional, and very important, improvement to make investments in small manufacturers eligible for bonus leverage. Expanding access to capital for U.S. manufacturers is a top priority for many Senators on this committee, and we believe the new Investing in All of America Act will fulfill that goal.

The Investing in All of America Act reforms the Small Business Investment Company program at SBA to encourage private capital investment in underserved areas and industries with the following benefits:

- Market-led and market-driven.
- No new spending, mandates, or subsidies.
- 100% of investment is in American small businesses.
- Encourages investment in Low-income and Rural Areas.
- Encourages investment in domestic manufacturing and critical technologies.
- Inflation adjustment allows the program to remain competitive as prices rise.

The Investing in All of America Act would streamline the current bonus leverage provisions to make them simple and straightforward, with no need for new appropriation for implementation as drafted. Specifically, the bill provides SBICs with bonus leverage to invest in rural, low-come, manufacturing, or national security-focused businesses.

The legislation would also adjust the leverage commitment levels by a factor of inflation from the last time they were adjusted in statute and make annual adjustments thereafter. The leverage caps have not been adjusted since 2015 for single license holders and 2018 for a family of funds. In that time, inflation has risen nearly 30%. In the face of current and future inflationary pressure, adjusting the leverage caps is necessary to ensure the program's investment power remains consistent with the broader markets and SBICs can continue assisting job-creating small businesses across the country for years to come.

SBIA supports passage the Investing in Main Street Act

During the first weeks of the 119th Congress, the House unanimously passed H.R. 754, the Investing in Main Street Act. The bill has a long history of bipartisan support and has been championed in the Senate by Sens. Todd Young (IN) and Tammy Duckworth (IL). The bill would rectify a historical disconnect between banking law and small business investment law and allow a bank or federal savings association to invest up to 15% of their capital and surplus in SBICs, while still subject to the approval of the bank regulator if above 5%. This would dramatically increase the amount of private capital in the SBIC program, which will then be deployed to domestic small businesses, at no cost to taxpayers. The legislation has been referred to the Senate Banking Committee and we urge Members of this Committee to speak with your colleagues to move it forward.

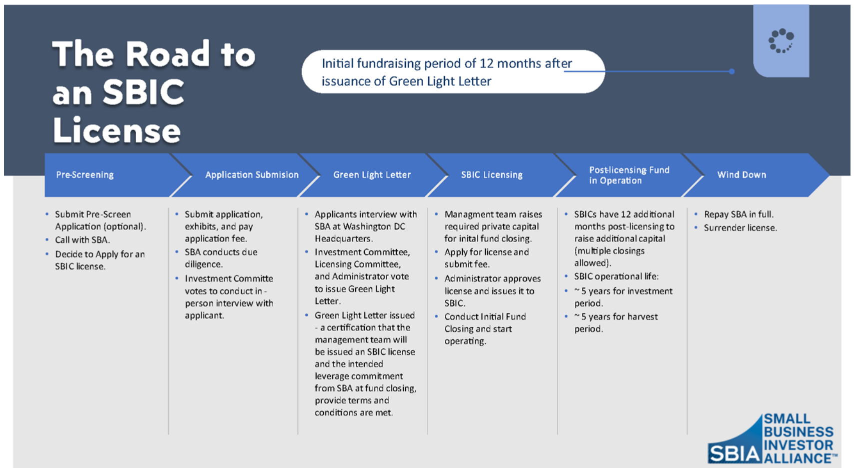
SBIA urges Congress to ensure all fees charged to, and collected from, SBICs are used by OII exclusively to administer the SBIC program.

The SBIC program has experienced significant growth recently. There are nearly 320 licensed funds with combined SBA commitments and private capital exceeding $46 billion. There has also been record-setting interest from prospective and returning licensees. As previously mentioned, SBA has approved at least 49 green light approvals and 27 licenses to SBICs so far in FY2025. To put that in perspective, the Agency issued just 26 licenses in all of FY2023.

Ensuring the fee revenues collected from SBICs by the Office of Investment and Innovation are used to provide the personnel and resources to process and manage this influx of new and existing licensees is critical.

SBIA thanks the Committee for holding this important hearing and looks forward to working with Members on bipartisan legislation that will increase capital access for all of America's small businesses.

APPENDIX


The Road to an SBIC License
Initial fundraising period of 12 months after issuance of Green Light Letter
Pre-Screening
Application Submision
Green Light Letter
SBIC Licensing
Post-licensing Fund in Operation
Wind Down
• Submit Pre-Screen Application (optional).
• Call with SBA.
• Decide to Apply for an SBIC license.
• Submit application, exhibits, and pay application fee.
• SBA conducts due diligence.
• Investment Committe votes to conduct in-person interview with applicant.
• Applicants interview with SBA at Washington DC Headquarters.
• Investment Committee, Licensing Committee, and Administrator vote to issue Green Light Letter.
• Green Light Letter issued - a certification that the management team will be issued an SBIC license and the intended leverage commitment from SBA at fund closing, provide terms and conditions are met.
• Managment team raises required private capital for inital fund closing.
• Apply for license and submit fee.
• Administrator approves license and issues it to SBIC.
• Conduct Initial Fund Closing and start operating.
• SBICs have 12 additional months post-licensing to raise additional capital (multiple closings allowed).
• SBIC operational life:
• ~ 5 years for investment period.
• ~ 5 years for harvest period.
• Repay SBA in full.
• Surrender license.
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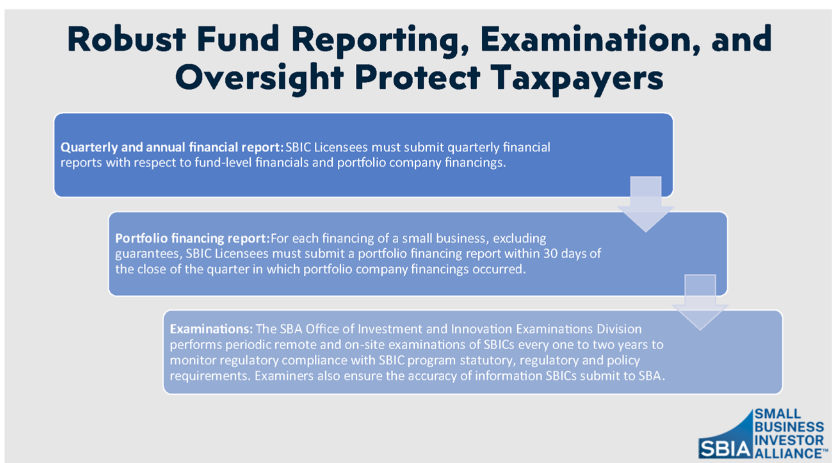
Robust Fund Reporting, Examination, and Oversight Protect Taxpayers
Quarterly and annual financial report: SBIC Licensees must submit quarterly financial reports with respect to fund-level financials and portfolio company financings.
Portfolio financing report: For each financing of a small business, excluding guarantees, SBIC Licensees must submit a portfolio financing report within 30 days of the close of the quarter in which portfolio company financings occurred.
Examinations: The SBA Office of Investment and Innovation Examinations Division performs periodic remote and on-site examinations of SBICs every one to two years to monitor regulatory compliance with SBIC program statutory, regulatory and policy requirements. Examiners also ensure the accuracy of information SBICs submit to SBA.
SBIA SMALL BUSINESS INVESTOR ALLIANCE™

Senator YOUNG [presiding]. Well, thank you so much. As is common here, our former Chairman had to depart and I am acting chairman, I'll say that for the benefit of the staff behind me. Since I just moved into the seat, I'll ask you, Mr. Geis are you the last one to deliver your testimony? I'm expecting that is indeed the case.

Mr. GEIS. I am the last one.

Senator YOUNG. All right, great. Thank you. Now that I have command of this situation——

[Laughter.]

I'll thank all of you for appearing. I am of course especially glad to see Mr. Riley here. He's invested in the great state of Indiana, but I am really excited about having all of you here.

As I often share with our panelists, my father was a small business person. This is not always known as the committee with the broadest jurisdiction that touches on every facet of your life, but it's really, really important. It's important to people like him, that we optimize the programs and support that the small business administration in particular gives our small businesses and give you a platform and a voice.

And so, thank you for being here today. Before I dive into my own questions, I will give Senator Shaheen an opportunity to ask hers. Senator Shaheen.

Senator SHAHEEN. Well, thank you very much Mr. Acting Chairman. And I appreciate that since I have not yet voted. So welcome to all of our witnesses. Thank you all for being here very much. I actually grew up in Missouri and my grandfather was from Jackson, so I know exactly where you're talking about Mr. Geis.

One of the programs that I helped create when I got to Congress and that I continued to think is very important, and in fact I worked with Chair Ernst on it last year as the State Trade Expansion Program, the STEP program, which you mentioned, Ms. Robbins. It helps small businesses sell internationally.

And when we think about the fact that about 95 percent of our markets are outside of the United States, it's really important for us to help small businesses get into those markets because right now, fewer than 5 percent of small and medium sized businesses do business overseas.

You mentioned in your testimony that you currently manufacture in the U.S. to sell internationally, but that now you're having to consider moving production overseas just to export. Can you talk a little bit more about the impact that the tariffs have had on actually pushing your production offshore and what that means for your company long term?

You talked a little bit about the potential to need to downsize to address that, but in addition to that, what would the loss of the STEP program and the technical assistance and grants that that provide mean to your business?

Ms. ROBBINS. Thank you very much for your question. The STEP program, the way Ohio disperses the funds is through the SBDC and an IMAGE grant. The IMAGE grant reimburses us for, well, partially reimburses us for activities related to exporting. It also provides education.

So currently we're participating in a program called the Global Target Program, with a focus on Latin America. It prepared us for a trip to Brazil last month, and set us up for success in that market. I'm incredibly grateful to the staff at the local SBDC, very knowledgeable, they bring in experts and connect us to others.

But as you mentioned, unfortunately I need to consider offshoring my manufacturing, and that's because as I mentioned, our sales are down and sustained losses put us at risk of bankruptcy by the end of the year. We have perfect credit and we've never missed a payment, but we're rapidly running out of liquidity. In addition, the tariffs make our products exceedingly expensive. My competitors overseas do not have that problem. And so, in order to compete, I feel that we may need to diversify and manufacture overseas to serve export markets.

Senator SHAHEEN. Thank you. And again, if you could speak a little bit, one of the things that we have learned from the "skinny budget" that the Administration has sent as on appropriations, is that it would eliminate the STEP program entirely. What would that mean in terms of future, assuming that tariffs are addressed in ways that allow you to build back some of those markets, what would that mean for you if you no longer have access to that technical assistance and the funds that are available through the STEP program?

Ms. ROBBINS. It would have a really devastating impact, especially for businesses that don't have the education experience that we have. You know, we've learned a lot by benefit of this program and access to those experts. A new startup or another small business just starting to get into exports, they would lose such a valuable resource.

Just an example of what a global target session may be like. It would be you know, maybe 12 other business owners looking to increase their exports and they would bring in an expert or two, to speak about a variety of topics relevant to exporting, marketing, legal compliance, financing your exports, taking payments. Things like that helps to demystify the complexity and also creates a greater network of experts to reach out to.

So, you know, while I would be hurt, I think that it would be much harder for businesses that don't have the same experience that we have to get a leg up. Thank you.

Senator SHAHEEN. Thank you. Thank you, Mr. Chairman.

Senator YOUNG. Well, thank you, Senator Shaheen. I will pick up with Mr. Riley giving him the Hoosier privilege, a Hoosier by choice by way of Sacramento, and his company, Guardian Bikes located in Seymour, Indiana I think is a prime example of how a small business can grow into a successful and thriving American company and even help reshore an industry. Doesn't happen in every case but we should celebrate it, and the jobs you create and the opportunities associated with all of that when it does.

So, your insights Mr. Riley, into how the policies that we put in place here in Washington, DC, which can be detached and removed from the daily cadences and concerns of regular people sometimes, they would be invaluable to our whole process and so I appreciate all of your comments this morning.

Whether it's developing skilled workers through apprenticeships or connecting startups to research institutions and capital, public-private partnerships are already proving what's possible when sectors work together. Too many small businesses, especially in rural communities, lack access to the same networks or infrastructure or talent pipelines that they need to compete and grow.

Mr. Riley, how have public-private partnerships, if at all, helped support or scale your small business operations? And you can expand on that if you would like. In your experience, what do you see as the most effective roles for the government and the private sector in making these partnerships work?

Mr. RILEY. Thank you, Senator Young. And I'm proud to be a new Hoosier of a couple years. So, in Guardian Bike's case, when we were first starting, we did utilize an SBA 7(a) loan and that was instrumental in getting the company off the ground, getting some working capital in.

But in our case, when we really started looking into starting a factory, it was clear that we needed several million dollars to get this thing started, both because of some of the equipment that we needed, but also because we were starting something that no bike company had done in the United States in many decades. And we knew that there'd be at least say, 12 to 18 months of time where we have to kind of go into money losing mode to learn how to run a factory to get the thing up and running.

And so, we relied, you know, on an SBA 7(a) loan, but also some private equity, not private equity, but I should say individuals investing some money in for equity in the business.

That was instrumental, but it was also challenging. That was me going around, you know, pitching a lot of different individuals, getting them to believe in the vision, taking 50 to a hundred thousand dollars checks, you know, left and right to try to pile together a few million dollars, in order for us to really kind of execute on this vision of starting a factory in the USA.

So, I think to the extent that, you know, what we've done is challenging and in a lot of industries it is challenging to actually reshore production and reshore supply chain, and it does take capital. So, I think to the extent that the government can make flows of capital easier for companies that are looking to reshore production and build production in the United States. That's helpful.

Senator YOUNG. So, I'm just going to stop there, and though we're both from Indiana, we didn't choreograph this because that's a great lead in to Mr. Mickelson. And my questions for you, sir, you mention in your testimony the importance of programs like the Rural Business Investment Company, RBIC and the Small Business Investment Company, SBIC, to help create jobs and drive economic growth in the Midwest, which I especially care about.

So how can we use our federal investment tools more effectively, in your informed estimation, to expand access to capital for rural entrepreneurs and ensure that small businesses in underserved areas can grow and compete.

Mr. MICKELSON. Thank you, Senator, for the question. I'll stay on the theme here, and stick with Indiana. We actually had an investment in Franklin, Indiana, which you might be familiar with.

It's not a large metropolitan area. But there were two great entrepreneurs there that——

Senator YOUNG. I live like a few miles away.

Mr. MICKELSON. Okay. So perfect. [Laughter.]

Senator YOUNG. We really didn't choreograph this, but thank you. Sometimes it happens.

Mr. MICKELSON. So, two great entrepreneurs there. They were young, they were obviously risk takers. They started a business, but they had not had the resources to scale the business to professionalize the business.

So, when we invested with them, we brought in systems, we brought in people. They originally had one location. By the time we exited the investment, they had 13 locations. They had a full C-suite of teams. And so that would not have been, you know, possible without programs like the RBIC and SBIC. And so, two ways that you could help that, I mentioned the investing in All of America Acts, passing that would help create more opportunities for situations like this.

And then on the RBIC side, the RBIC program does not have leverage like the SBIC program has. And so that's one thing that we've been working with the USDA with for a long time to try to get that put into place.

Senator YOUNG. Thanks so much. Unless there are any other Indiana stories. Senator Rosen, you're recognized.

Senator ROSEN. We'll talk a little bit about some Nevada stories, maybe, how's that? Because in Nevada, we love our entrepreneurs, our dreamers or small business owners. And for those of you who don't know, we're really famous for those big casinos. I know that, but that only makes up 1 percent of the businesses in Nevada. 99 percent are small businesses. And so, it is really the heartbeat of Nevada.

And I want to build a little bit upon what Senator Shaheen talked to you about on the tariffs, because the tariff impact on Nevada small businesses, they're already facing disastrous economic consequences of President Trump—that just across the board tariffs, and small manufacturers in particular are struggling.

Many businesses and manufacturer in the U.S. rely on imported parts and materials. And in Nevada, like I said, 99 percent of our businesses are small businesses. And because of Trump's tariffs, these companies are now calling us. They're worried, they're trying to navigate increased cost disruptions in their supply chain and frankly, they're just so worried the uncertainty of it all. They just don't know what to plan or prepare for and how to move forward.

So, Ms. Robbins, I'm going to ask you, could you discuss about how the uncertainty, not just for your business, but for yourself, your family, and everything you put into it, how have the administration's tariffs really impacted you and how small manufacturers are particularly vulnerable?

Ms. ROBBINS. Thank you so much for your question. Small manufacturers are really clinging to life right now. My small team, which I could count on one hand, has spent countless hours crunching numbers, running models, worst case scenarios, searching for new suppliers, attempting to set up accounts with those, forecasting expenses, calculating, and recalculating price increases only for the situation to change drastically with no notice.

It creates such an environment of uncertainty that I don't understand how someone could invest in an economy without having some level of certainty you can regain your investment. I've invested $1.2 million into our company to manufacture guitar pedals. We do all of our manufacturing here in Akron, Ohio. And to manufacture more than we do now would be like asking a baker to make flour.

The uncertainty from day to day, we have a weekly meeting where we discuss the tariff impacts and try to determine how to proceed. We certainly need to increase our prices as our costs have just drastically risen. However, the landscape doesn't stay the same from week to week. I don't know how to proceed. It's complete uncertainty.

Senator ROSEN. And how stressful is that? And how stressful is for the people who work with you and believe in all of what you're doing——

Ms. ROBBINS. Incredibly stressful.

Senator ROSEN. And of course, we have a lot of live music in so I'm sure there's some folks who've been buying them from you. So, thank you for sharing that. And I'm sorry that you're going through all of that trauma and hopefully we can get some certainty going forward.

Because our emerging manufacturing industries, it's just so important, they're surging investments. You've put in over a million dollars small businesswomen. Right. But in Nevada, we have a lot of clean energy. It's wind, water, solar, geothermal, it's just our geography and geology. And so, our clean energy technologies, they support our small manufacturing businesses. It's beneficial for our local and national economics.

And I've seen the benefits of clean energy firsthand. We are the only state that has an operating lithium mine. I know everybody likes their phones. We need that Lithium. Nevada's become a hub for electric vehicle battery manufacturing in recent years. And last year I helped secure a tech hub designation for the lithium loop project, led by the University of Nevada Reno, which will create even more economic opportunity in northern Nevada. Businesses are coming, batteries, recycling, training, engineers, all of it.

So, Mr. Geis, I know that Eagle Capital has a portfolio of companies in the clean energy space. Can you speak to the importance of directing investment to emerging industries like clean energy, and this just the spectrum of energy. We need it all and ways that small businesses can benefit from engaging those industries?

Mr. GEIS. Sorry, thank you for the question, Ms. Rosen. So, help me, could you repeat the last part of your question again just to make sure I address it appropriately?

Senator ROSEN. Well, you know, the importance of directing investments to emerging industries like clean energy. Like I said, in Nevada, we have wind, water, solar, geothermal, battery recycling, lithium mining, critical mineral mining, all of these things. So, they're newer industries and we want to move capital to us to develop that. So, I just wanted you to talk about that a little bit.

Mr. GEIS. Yes, for sure. I mean, I think our focus as a small business investment company—a hundred percent of the investments we make are in small businesses in the United States, that's a sole focus of what we do. And so, I think we see lots of wonderful entrepreneurs that are in emerging industries like you talked about. And really you know, we provide that capital to help them grow and be more competitive on a global landscape. And I think it's vitally important to our country to encourage that entrepreneurial spirit.

Senator ROSEN. Thank you. I yield back.

CHAIR [presiding]. Thank you, Senator Rosen. Senator Hawley.

Senator HAWLEY. Thank you very much, Madam Chair. Thanks to all of our witnesses for being here. Mr. Geis, I want to start with you because I understand that you are a Missourian and you are a St. Louis Guy. Is that right?

Mr. GEIS. That is correct.

Senator HAWLEY. Although I think you went to college on the other side of the state or my nick of the woods. Rockhurst University?

Mr. GEIS. Yes.

Senator HAWLEY. Okay. Very good. Now, were you born and raised in St. Louis?

Mr. GEIS. I was not.

Senator HAWLEY. Okay. He's helping me all the time. [Laughter.] I could hear you. That's fine. Keep going, you're on a roll.

Mr. GEIS. No, I was not born in St. Louis. I was born in Nebraska, but I'm not an atypical St. Louis story. I married a St. Louis girl, so I've been there for 26 years.

Senator HAWLEY. Oh, there you go. All right. Well, that's good. Hey, we'll claim you. That's great. You're a Missourian in my book.

Mr. GEIS. Yes.

Senator HAWLEY. Right. Let me ask you, in your written testimony, you included the helpful chart explaining how the SBIC program helped spur investment in small business. And I wonder if you could just tell us, just give us an overview, tell us about the SBIC program, what it is, and why it matters so much to Missouri. Just give us your perspective on that.

Mr. GEIS. Yes. So, you know, I think I'd come at it from a couple of different angles. So first of all, you know, it's a stable, longstanding program. It's been around since 1958. It's operated at a zero subsidy from the taxpayer since its inception. But I think what's critical about what SBICs do in Missouri and lots of other states, is we provide that critical next stage of capital to really create the growth to drive to the next level.

So, you know, oftentimes entrepreneurs' capital invest their own money to start their businesses, but when they hit sort of a critical inflection point, they need that next round of capital to really invigorate growth and that's what SBICs do.

Senator HAWLEY. Yes. Very good. In fact, if I've got my statistics correct, and in FY 24 alone, SBICs invested in Missouri $192 million in more than 20 small businesses across the state. That capital supported over 3000 jobs in the state of Missouri. That's pretty good. We want every single one of those jobs.

Mr. GEIS. And I think, you know, SBICs fill a gap, right? There are, you know, everybody knows about the capital markets and the large lenders and larger private equity funds that ultimately invest those large dollars of capital that we hear about. But SBICs are squarely in the heartland of America and small businesses, that's what we do day in and day out.

Senator HAWLEY. Very good. Let me ask you to talk about the role that small businesses can play in the manufacturing sector and how SBIC can be used to help spur industrial growth. I mean, can you talk about that? Because this is a big need and the backdrop here that I probably don't have to explain to anybody on the panel or anybody watching this hearing is that, you know, in America as a whole, we have lost 4 million jobs.

It is particularly in industrial sector to China since 2001 in Missouri, it's close to 60,000 jobs. We need more industry; we need more manufacturing of all kinds. Tell us about the SBIC component here for that.

Mr. GEIS. I mean, it's a big focus of what we do. If I look at the Eagle Funds, 25 to 35 percent of our investments are in manufacturing companies. And the stories that we could share within our portfolio are not too dissimilar from my other panelists here, but, you know, we provide the capital to help build the new plant, to really spur and change growth. So that is what the SBIC program does.

Senator HAWLEY. Very critical. Thank you. Thank you for the work you do. Thank you for willing to be here, and thank you for testifying. And with that, I yield back to you, Madam Chair.

CHAIR. Great. Thank you. Senator Hawley. And I'll go to Mr. Mickelson. We'll start with you, and Mr. Mickelson. Oh, I'm sorry. Senator Hickenlooper.

Senator HICKENLOOPER. I must look like a wallpaper or something.

CHAIR. I missed you. I got caught up there with Senator Rosen and totally overlooked you. My apologies to you. Senator Hickenlooper, you're recognized for five minutes.

Senator HICKENLOOPER. Let me start. Mr. Mickelson, the SBIC we've been talking about, obviously as a cornerstone of so much what the SBA does. As a small business person myself, I'd gotten laid off, was out of work for a couple years and took a long time to raise the money, as I always would say, my mother wouldn't invest and she wouldn't.

I think those private investments with coupled coming through the SBIC, can really bring—well, it certainly brought hundreds of millions of dollars into Colorado. And I've been working with Senator Marshall to further build on that success. I'm sure you're aware of the All the America Act. So, in terms of your firm operating the SBIC, how would expanding that program broaden access for capital to what are popularly called underserved to lower income communities?

Mr. MICKELSON. Thank you, Senator, for your question. It is timely. We actually closed an investment in Colorado last week, from an SBIC, so your timing's perfect. But you know, certainly the passage of the investing in All of America Act, which I know you introduced last Congress and hopefully it'll get through this Congress, will increase funding to the SBIC program so there will be more opportunities for investment, like the one we did last week and Colorado.

It'll also specifically target rural and low-income areas. And so, Midwest growth Partners invest in rural areas. So that would give groups like us more opportunities to make those investments. And then finally, it would provide bonus leverage for manufacturers. And so, we've talked a lot about the importance of manufacturing. Right now, 20 percent of dollars from SBIC roughly go into manufacturers. And so, with some bonus leverage, we would expect that number to go higher because there'd be more capital available. And so great.

Senator HICKENLOOPER. It's okay. You covered it well. I spent a lot of time in West Des Moines, and when as an entrepreneur I branched out, one of our brew pubs that we opened was in downtown Des Moines, but it was the Raccoon River Brewing Company and the old hotel Fort Des Moines.

Mr. MICKELSON. It's a great spot.

Senator HICKENLOOPER. I probably know a number of your personal investors. I got them to help invest in that.

Mr. MICKELSON. Yes. Perfect.

Ms. Robbins, let me ask you a question. The tariff situation, obviously as somebody—I can remember every little bit, when you're a truly small business, every little bit makes a difference. And I think tariffs went up, then they've been suspended, now it's three months, that uncertainty is chaos. I know how hard that is.

How have you guys navigated the uncertainty around the tariff issue and how to make your planning of when you make infrastructure investments and how do you assess that? How are you able to grow?

Ms. ROBBINS. Thank you so much for your question, Senator. We're not able to grow under the tariffs. The tariffs have created complete uncertainty. They're changing from week to week. You mentioned that they announced a reduced tariff rate and a 90 day pause. But I'm still not clear on exactly how much I'm paying in tariffs. Is it 30 percent plus the 2018 plus the fentanyl? That would put me at 75 percent. That's still huge. Yes, we do count every penny.

And I used to be a financial planner, and as a business, we're planning a year out easily. And now I don't know what's happening next week and three months. And it's impossible to navigate these circumstances. So, you know, we had forecast a price increase, things had been the same for two weeks. We were going to roll it out and now the tariffs have changed. So, we're going to hold onto that.

I also know that my customers have been loading in on foreign imports. My customers are retail stores. They've been loading in on foreign imports during this reduced tariff pause because they're speculating that it's going to go back up. So just another way, this is backfiring and hurting U.S small businesses. Thank You.

Senator HICKENLOOPER. Good. Thank you. And I love the name EarthQuaker. I was an old geologist and the Colorado School of Mines has an earthquake center, and you can get a live feed to see anywhere in the world when a quake happens. And you ought to stick one of those in your retail sales or your wholesale sales office.

Mr. Riley and again, a safer bike. I was a huge bike fan, a huge believer in outdoor recreation. It's a business. It creates jobs, but it also makes people healthy. It makes people feel healthy, I mean, it changes their mental health issues. You had a unique journey somehow. Mark Cuban never took the time to let me have—on his TV show. I'm not sure what he was doing back when I was trying to raise money.

What other suggestions would you give small business owners who are trying to find capital to invest in domestic manufacturing?

Mr. RILEY. Sure. Thank you, Senator. Yeah, I was very lucky to have the opportunity to go on the show Shark Tank and I got an investment from Mark Cuban, but I think the statistics were something like 80,000 people every year apply to go on the show and something like 50 or 60 actually get on a season. So, I still pinch myself that that actually happened for me.

But I would say, you know, for just general advice for small businesses, I think what we've done is try to create a U.S. factory reshore production, but really make that a strategic advantage for us. And not have it really be all about a tariff advantage, but actually an inventory advantage. A way that we can, you know, set up the bikes in a really safe way.

The whole brand is built around safe bikes. So, a bike is only as safe as it's set up. You set up the brakes, you set up every fastener to a certain torque. So really kind of telling it—for somebody like us telling that story to investors and getting investors excited about the strategic advantages of building a product in the United States that are over and above just tariffs or whether it's going to be a price advantage in these things.

That was a really big thing for us and we were able to secure capital, you know, not only from Mark Cuban on the show, but from a group of just individual investors——

Senator HICKENLOOPER. Ripple effect. That's perfect advice. I mean, that you're exactly right. They got to take the advantage you have and then use that to go out and compete. I'm out of time but anyway, I yield back to the Chair.

CHAIR. Do you have another question? Senator Hickenlooper. Okay. [Laughter.]

No, thank you. Senator Hickenlooper. Okay. I will go ahead and recognize myself now for five minutes, and we'll start with you, Mr. Mickelson. Your investments highlight the next-generation technologies that are coming out of our farms, that are creating new jobs across America and helping our nation remain competitive globally. From your experience investing in dozens of small businesses in Iowa and across the heartland, what are their greatest barriers to growth and building here in the United States?

Mr. MICKELSON. Thank you, Senator. So certainly, access to capital as we've talked about today. So, when, when you look at a business that's scaling, they're trying to add new people, more talented people, more educated people, and that comes at a cost. You think about technology investments and things like ERP systems, computer systems efficiency in your manufacturing process, trying to automate as much as you can. All of that costs money, and that's a big part of just the professionalization process that you try to do in each one of our investments.

And so, each investment that we look at, they're successful, they've done a great job, but we're trying to take them to the next level and help them grow. And so that takes expertise and that's largely human capital driven, and it takes capital to build out property, plant and equipment and invest in that technology.

CHAIR. Thank you. And Mr. Riley as well. Again, just reiterating what Senator Hickenlooper said, you've been recognized nationally for your efforts to reshore production of bicycles and industry that had been dominated by China for decades. And thank you for doing that. I commend you for all that Guardian Bikes is doing to build higher quality bikes for children, and something that is possible because of your ability to source from domestic suppliers.

So, you've been able to raise a significant amount of private capital to support your vision. Based on your experience, what added value and benefits do investors seem to find with Made in America products?

Mr. RILEY. That's a great question. The way that we really went about it was to say, look, the world is changing around us. Supply chains aren't as secure as we thought they were. COVID was a perfect example of that. So, to start with, building product onshore just gives you a lot more supply chain resiliency.

Over and above that, it really kind of can change a business, so when you're purely relying on imports, the lead times are long. You got to ship them all the way here. And so you have to deal with a lot more inventory. You have to plan your business just right to figure out what are we going to sell? What do we need to buy? Sometimes many months ahead of time.

When you're onshore and you can produce in your own factory, you can take that demand signal. For example, when the Barbie movie came out, we started selling a lot more pink bikes. I don't know how we could have predicted that,

CHAIR. Right?

Mr. RILEY. But when you sell a lot more pink bikes and you're able to just, you know, paint more bikes pink the next day, you can just start making more pink bikes and react to that kind of demand signal. So that's a perfect example of—there's all kinds of real advantages that come from onshoring manufacturing that I think so many businesses that have relied on imports for a long time, they don't necessarily think that way because they're not in the weeds of manufacturing.

But we found that there really are true business advantages over and above, you know, any cost advantage or anything like that. And just running the business, being able to react to demand, being able to have a resilient supply chain and deliver safe quality products to lots and lots of consumers. And we find that those consumers, you know, reward us for making that decision and they want to do business with a company like us that's trying to do it here.

CHAIR. Yes. Thank you very much. And Mr. Geis, thanks for sharing your experience, both as an SBIC investor and as a leader in the SBIC industry. As you stated in your written testimony, 20 percent of SBIC investments fund American manufacturing companies. How can Congress further target the SBIC program to investments that are critical to our nation's economic and national security while maintaining a zero-subsidy program?

Mr. GEIS. Thank you for the question. I would say by supporting the SBIC Critical Technology Initiative. So that, for those who don't know, it's a partnership between the Small Business Administration and the Department of Defense to license SBICs that will invest at least 60 percent of their investments in small businesses in sectors that are deemed critical to our national security.

CHAIR. Okay. Fantastic. And with that I will recognize Senator Cantwell for questions.

Senator CANTWELL. Thank you, Madam Chair. So good to see our witnesses. Ms. Robbins, thank you for being here, specifically, we love music and the Pacific Northwest, and we like to get our grunge on and do many other things. But, you know, we had a music stand company in Yakima Washington that continued to be a big exporter.

And I kept thinking, I'm so proud of you guys. How do you—they're big supporters of the XM Bank, you know, and I kept saying, how are you so successful? I would think somebody would knock this off. And they were like, no, no. You're a symphony. You need performance out of a music stand. You can't have a big concert with lots of people coming and have a bad music stand.

So, you are a similar company that makes electronic parts and turns those into something that musicians can create with. So how are you thinking about this tariff situation and what do we need to do to help more businesses like you grow?

Ms. ROBBINS. Thank you so much for your question, Senator. I was really fortunate that a lot of the investing that I did in our business happened before the tariffs were increased. So, in 2022, we invested in a state-of-the-art PCB assembly line. And under the current tariffs that would be maybe triple in price. The tariffs have really made it more challenging for us to recoup our existing investment in our business and are putting us at risk of bankruptcy, if these conditions continue.

We have perfect credit and we've never missed a payment, but like I said, we're running out of liquidity, and our home is collateral on our loans. So, if we miss payments and we default, we will lose everything that we work for, including our home, just as our two daughters are in college.

And I don't see taking on additional debt as the answer. I also don't know why somebody would invest in a company that is currently losing money without a clear path to success. I also find the suggestion that I borrow money and pay interest to finance taxes and fees, abruptly imposed on me by the government with no notice and no consideration, I find that suggestion offensive. And I believe the tariffs seem to be reversed immediately or at the very least, small businesses need to be exempted.

Senator CANTWELL. Well, small businesses definitely have a lot less flexibility. Do you have a big export market for your devices?

Ms. ROBBINS. We do. We've worked very hard to increase our exports. They're approximately 30 to 40 percent of our sales, although just in the last few months, we have seen that number drop drastically due to anti-American sentiment and the chaos that the global financial markets have experienced due to this chaotic trade policy.

Senator CANTWELL. You know, I find it takes a lot to become an exporter. We have in the northwest—we had programs in the eighties where we just encouraged everybody to do it. I don't know if it was our geography or just an ethos, but we encouraged people to do it. And it's hard because you're taking risk, you're taking a risk anyway as a business person, but you're taking more risk because now you have less control over.

That's why we support the export import bank so much because it lessens that risk. But we find that ends up being 25, 30 and you're saying, in your case, 40 percent of sales opportunities. It makes sense. You have a whole global market to pursue. What are some of your best markets for exports?

Ms. ROBBINS. Europe, Australia, Canada, Japan, anywhere that guitar music is popular, guitar-based music, and where incomes are high enough to afford some discretionary spending.

Senator CANTWELL. Okay. So friendly countries to us anyway, we should have good relationships with them. And this shouldn't really be the barrier that it is at this moment.

Ms. ROBBINS. That's right. But we've offended a lot of our allies.

Senator CANTWELL. Thank you so much. Thank you, Madam Chair, Ranking member.

CHAIR. Thank you. Next, I recognize Ranking Member Markey for his questions.

Senator MARKEY. Thank you, Madam Chair. Trump's tariffs, they've been thoughtless, they've been reckless, unpredictable, overly broad. They've caused economic uncertainty, as I already said, a 35 percent reduction in the number of huge containers coming into Mass-port, the port of New England really, for the month of June. Just absolutely unbelievable. And it has a profound impact on small businesses and consumers all across the country. And it places small businesses at a competitive disadvantage. They're not able to weather the storm the way bigger companies are.

Ms. Robbins, you are already a 100 percent U.S. manufacturer, but as you state in your testimony, it's entirely impractical for you to be able to manufacture all the raw materials and components that go into your final product in the United States, especially with the current tariffs. Can you describe why this would be near impossible at this time?

Ms. ROBBINS. Thank you for your question, Senator. Yes, I'd be happy to. First of all, any type of investment like this would require months or years and a lot of money. And I don't have that time and I don't have that money right now, especially as I'm being taxed heavily. I can also share some data with you.

One of my friendly competitors did an analysis on what it would take to reshore just one of the components that goes into a pedal. So, this one that I have here behind these knobs is what's called a potentiometer. And they are used to adjust parameters on a pedal such as tone level, distortion, et cetera. So, his annual volume on this part, he uses 130,000. So, it's one of his most frequently used parts. And his current——

Senator MARKEY. Cost 130,000 what?

Ms. ROBBINS. Potentiometers.

Senator MARKEY. Okay. Beautiful.

Ms. ROBBINS. And his current cost is 22 cents, and his annual cost is $28,600. The analysis showed that the cost per part would be $3 and 75 cents for an annual cost of $487,500, over 17 times the cost.

Senator MARKEY. For you?

Ms. ROBBINS. For a company that was attempting to reshore a single part. So, the tooling would be $238,000, that's eight times the annual cost, and that's just one part of hundreds that go into an effect pedal. So, he actually listed here the nine different parts that go into making this. And I'd like to submit this for the record, and I'd like to thank John Cusack for providing me with this evidence today. Thank you.

CHAIR. Without objection. We'll have that entered into the record.

Senator MARKEY. So, as you mentioned in your testimony, you were named SBA Exporter of the year in 2019. So, no one does it better than you. You were the number one. And so now tariffs were imposed. So, describe that in terms of the daily headaches that you're now confronting.

Ms. ROBBINS. It's basically, all we do now is try to navigate this environment. I'll tell you what I'm not doing. I'm not putting out new products, I'm not growing, I'm not thriving, I'm not hiring. I've actually canceled job openings. These are all things that I'm not doing. What I am doing is worrying, stressing, things changing from day to day.

You know, thinking over my employees and how they're dependent on our healthcare to manage their chronic conditions or chronic conditions of loved ones. Thinking of my daughters and how they're relying on myself and my husband for our income, to complete their education. This is what I'm doing. I'm not doing things that are productive.

Senator MARKEY. Right. So, President Trump's motto of short-term pain for long term gain. So, you are sitting there, your short-term pain, but that short term pain could turn into long-term pain for you. It could be an extinction event.

Ms. ROBBINS. Absolutely.

Senator MARKEY. It could be an obliteration event, not a liberation day, but an obliteration day, if this goes on for too long. So, do you really feel that he's picking winners and losers here? Apple gets a pass; other big companies get a pass and you are down there trying to figure it out all by yourself?

Ms. ROBBINS. I do. I do think that the disparity between large and small businesses has grown wider. I'm here publicly stating how poorly my business is doing while those companies are meeting royalty in the Middle East. It's a huge disparity.

Senator MARKEY. Do you have lawyers and lobbyists here in town helping your company?

Ms. ROBBINS. No.

Senator MARKEY. Does Apple? Yes, they have departments. Does Google? Yes. All these big companies. They do. You have no one here except for this committee actually, we're supposed to be your advocates to protect you. So, you just think there's a disproportionate impact on you?

Ms. ROBBINS. That's correct. I do have some advocates. The Main Street Alliance is working hard to level the playing field and elevate the voices of small businesses. And I really appreciate their support, but it still does not compare to what the large companies have.

Senator MARKEY. So, do you keep a bottle of Pepto-Bismol now nearby as each day stories, you know, give you something else to think about and worry about?

Ms. ROBBINS. As a small business owner, I'm used to navigating challenges. I have excellent problem solving and stress management skills, as you must to be in this position. However, I just don't see solutions. They're just not immediately available and I need immediate solutions. So, in my opinion, the only option is to rescind the tariffs, to pass the bill that you've mentioned exempting small businesses, it's just not survivable.

As you mentioned, I believe we're facing the mass extinction of small businesses. We are clinging to dear life. The reason you're not seeing bigger numbers of the fallout in the economy, is because of folks like me that are—our house is on the line. We're going to do everything we can to save our businesses, to keep our employees employed. We're not also not like big companies that we're going to slash jobs the moment the forecast change.

Senator MARKEY. Just one final question. I appreciate your indulgence, Madam Chair. When the President announces that he's in the process of beginning to try to find an agreement with China, does that just lift the cloud over off your head and all of a sudden, you're feeling instant relief? And what does that mean to you when you hear that? That they're trying to get a deal but they don't have a deal and then there's still 179 countries left to go to get a deal with?

Ms. ROBBINS. There's absolutely no relief. It just creates more confusion and uncertainty, and it actually creates some effects such as, retail stores loading in on products from China in order to get things in before the tariffs theoretically go up even higher. That's what happened over the last month while there's been a break on the other reciprocal tariffs. So, it absolutely doesn't help us. It just extends the period of uncertainty.

And I really need to be making changes now. And I can't due to this uncertainty. In the U.S. where we sell to retailers, and it is our largest market, if you make a price increase, you really can't go backwards. You know? And the more that you increase your price, the less competitive, the less affordable that you'll be to end users. And you really can't predict how much further your demand will fall when you raise prices. And it's certainly not something that you want to do repeatedly.

So having something that I could plan for, you know, we absorbed the 2018 tariffs. They were 25 percent, that was difficult, but we did it. What's going on now is absolutely so challenging. I don't know a way forward.

Senator MARKEY. So, thank you Madam Chair.

Ms. ROBBINS. Thank you.

CHAIR. Thank you, Ranking Member Markey. And I'll just make my own editorial comments as well. We recognize it is really difficult Ms. Robbins, and I appreciate your testimony, very detailed.

It is a very complicated situation. We did not get into this situation overnight and we have had tariffs from other countries for decades now.

And if we go back and look at those tariffs, we have forgotten as a nation that those same countries that we are tariffing now have had tariffs against us. And it's just baked into the prices of the goods that we consume every single day. This is a painful time. We recognize that we have got to find a way forward and we hope that these countries come back to the table and work with the United States of America.

For those that are able to manufacturing all of their product in the United States, kudos. We love that. We want to support you. We want to have more made in America jobs for Americans. We've got to figure a way forward.

So, I really appreciate all of you coming here today to give your testimony. This is a very important committee especially for states like all of ours, where most of our businesses are small businesses. So, we want to find a way forward that will work for all of us and make sure that we are manufacturing here in the United States.

So, I do want to ask unanimous consent that the witnesses full statements be included in the record and without objection, so ordered. So, we'll make sure that all of your full written testimonies are included today. And with that I do have a closing statement.

I ask unanimous consent that the record of today's hearing remain open for two weeks for members to submit questions, revise and extend their remarks, and submit additional information into the record. Without objection, so ordered.

And again, thanks to our witnesses for being here today. Really great testimony. Thank you so much. And with that, the Committee on Small Business and Entrepreneurship stands adjourned.

[Whereupon, at 3:58 p.m., the hearing was adjourned.]

CAROLINE GUITAR COMPANY
3504 River Drive | Columbia SC 29201

Testimony of Philippe Herndon, Owner, Caroline Guitar Company
U.S. Senate Committee on Small Business and Entrepreneurship
May 14, 2025

Thank you Chair Ernst, Ranking Member Markey, and all members of this committee. It is an honor to be able to share the story of my company to the U.S. Senate Committee on Small Business and Entrepreneurship in hopes of expressing our perspective on tariffs and their impact on "Financing America's Manufacturing and Industrial Boom."

I've compared being a small business owner and entrepreneur to being a fugitive: while you have to run for your life, the view can be worth it. In 2009, I graduated from the University of South Carolina in 2009 with an International Master of Business Administration degree. I'd returned to graduate school with the intent of finally growing up after a first act of playing music, working the occasional office job, and seeing America from the window of an Econoline tour van. Playing music was so rewarding, I often thought of the performing as what we did for free; it was the long drives, loading the equipment up the fire escapes or down the basement stairs, and the cheap hotel stays that required payment.

In the aftermath of the financial crisis, I soon realized I had acquired a viable professional degree during what might have been the worst time to acquire one, so I decided to try and make some "thunkware." "Thunkware" was what a career counselor had called "*something that you could drop on an interviewer's desk that would make a 'thunk' sound, proof that you can put something together that will show you have what it takes.*" So with that in mind, I invested my tax return from a year where I'd struggled to find steady work towards the process of launching a brand, making a guitar pedal, selling the first batch, and use it to show my understanding of product development and maybe get a real job.

Instead, I started a company. Since completing our first piece of thunkware, it's been my teammates' and my honor to make and sell tens of thousands of the devices here in the United States, employ people here in Columbia, South Carolina, and create the kind of place that I would have wished would've hired me years ago. As I've told business students, there are precious few goods that people are willing to pay a premium for that are made in the USA. These industry clusters are both cultural exports as well as products that allow us to employ people doing work they enjoy, and I take that responsibility seriously. While we may take our home city for granted sometimes, our work can seem like a downright exotic piece of American rock and roll fun in the far flung places where our customers have found us.

However, I am now deeply concerned that the tariffs on necessary materials for our design and assembly will compromise our ability to continue our work.

On the latest batches of necessary material that we received, we have had to pay a **170%** total tariff. Our work is transformative in the same way a bag of beans isn't a pot of coffee, or a bag of flour and a handful of chips isn't a cookie – but we still need that "flour" to cook. The previous Section 301 tariff implemented by President Trump on Chinese imports in 2018 was inconvenient, but we could identify other efficiencies and ramp up our order quantities to mitigate that impact. However, our latest batches include the original executive order, the additional 20% applied in February of this year, and the post "liberation day" tariffs of 125% on goods for China. This 170% cost increase across multiple significant items in our bill of materials is not a sustainable burden for us or any of our peers in this industry.

We are deeply frustrated that these sharp and sudden tariff increases have happened under the pretense that the tariffs will encourage purchases of American made substitutes when there are no viable American made substitutes currently available. As a small business, our order sizes on work that can be done here cannot meet a remotely competitive minimum quantity. The other materials that we require – from passive semiconductors to control potentiometers to audio chips – have either not been made in the United States for decades, or never were at all.

The other argument for the tariffs is that they must be maintained to ensure that the materials that we need will eventually be made here. In the years that would ensue, small businesses like ours would be expected to endure or pass on these cost increases for however long it takes to make it worthwhile for capital investment, and then for the factories to be built, the workers trained to do that stateside, and the efficiency to eventually reach the levels of the current overseas suppliers.

With all due respect to Senator Booker's home state, we'd have a better chance of growing our national demand for coffee beans, bananas, and pineapples in New Jersey. (Please don't take offense, we think Red Bank is a lovely place to visit!)

For the better part of two decades, Berkshire Hathaway has owned Mouser, one of the world's largest importers and distributors of semiconductors and parts for the electronics industry. From this vantage point, they've seen exactly how many components get sold and the quantities to be kept on hand for immediate delivery. If this holding company, chaired by the world's fourth richest man, with all that market insight, seemingly endless resources, and billions in revenue every year, has never seen a viable path for any of that "flour" to be made in house stateside, what chance does a small company like mine have, with three employees and multiple orders of magnitude less resources and runway?

With the tariffs at their current unsustainable levels, we've been approached by industry peers and competitors in Sweden, the United Kingdom, and Germany expressing an interest in taking over our production. This is deeply troubling to me for several reasons: first, because it's always been our mission to make the goods here and take pride in that. But more troubling is the realization that while it sounds absolutely crazy to offshore our work from the USA to the EU, if I were operating strictly on the numbers instead of sentiment, they are correct. These tariffs on our cost of goods sold have now make it absolutely viable for us to offshore our work to them.

The parts that needs to be said out loud are that we don't want to do this, but the tariffs are putting our company and stateside peers at such a competitive disadvantage that our international peers are recognizing it, and the tariffs are forcing us to raise prices while our foreign competitors do not have to.

I urge the Senate Committee on Small Business and Entrepreneurship to pursue action to either retake authority on tariffs back from the Executive Branch and reverse these increased tariffs, or compel the Executive Branch to reverse them so that businesses like ours have the chance to compete. Thank you.

Mission Engineering Inc
1311 Clegg St, Suite B
Petaluma, CA, 94954

My name is James Lebihan. I am the CEO of Mission Engineering Inc. and Sunn Musical Equipment Corp., US manufacturing companies that design and build American-made products such as audio amplifiers, speakers, and electronics. We operate two factories in the USA, one in California and one in Missouri. We are a small business. We currently employ 15 factory staff. Prior to becoming CEO of Mission, I worked for 20 years in Silicon Valley in the semiconductor and computing industries at Intel and Dell.

Since the founding of Mission Engineering in 2009, I have been committed to manufacturing in the USA. Mission manufactures in American factories, with American employees. When we can't make it ourselves, we use local US suppliers as much as possible. We do source some components from overseas, though. This is because such components are not produced in the USA. For example, there is no factory in the USA producing the microchips and passive components used in our electronics. The wood required for our amplifiers and speakers is Baltic birch. The trees used for this material primarily grow in the Baltic states, such as Russia, Finland, and Estonia.

The changing landscape of tariffs, which are taxes on American businesses, has had a significant effect on our operations. I'd like to address some of the intended benefits of tariffs and how these have materialized for us so far.

1. Tariffs level the playing field against unfair foreign trade practices, leading to growth for US manufacturing.

In 2024, Mission's business grew by 33% year on year. In the first quarter of 2025, we continued to grow by 30%. We hired new staff and acquired financing to purchase more inventory to meet the expanding demand for our products. In the few weeks since the latest round of tariffs came into force, our revenue is down 40%. Our international sales have fallen 90%. For 15 years, we were a net exporter with around 50% of our revenue coming from overseas. In May 2025, our overseas sales will be almost zero. The increased costs and reciprocal tariffs have made our products less affordable. Anti-American sentiment from overseas customers has resulted in a demand reduction. Market research indicates that consumers in the US are reducing their discretionary spending on luxury items such as ours due to inflationary fears. The consequence for Mission's manufacturing business has not been growth, but decline. Our revenue went from 30% up to 40% down virtually overnight when the tariffs were introduced.

2. Short-term pain for long-term gain.

Successful small businesses usually remain small because they don't have access to capital. They don't have enough cash to survive long periods of downturn and wait it out. We plan our cash flows week to week, month to month. We need to forecast to survive. The unpredictable tariff level changes make it difficult to predict our demand and costs. How long is 'short term'? Without accurate policy data, it's impossible to plan. Our business experiences short-term pain, but there is no long-term gain.

3. The tariff levels have been cut. Businesses can absorb the cost and make less profit.

Music electronics is a low-margin business. Net earnings are typically below 9%. Even without tariffs, it would be more profitable to close our US factories and produce solely in Asia. We are part of a community of people who believe in US manufacturing. We are proud to build here, even if it makes less profit. However, the tariffs have increased our costs beyond the point where we can be profitable.

Here is one example, a component we purchased on March 17th, 2025:

PCB panel: $107.20
Shipping: $73.76
Taxes and duties: $18.10
Total: $199.06

Here is the same 8 weeks later, on May 19th, 2025:

PCB Panel: $106.60
Shipping: $144.35
Taxes and duties: $63.96
Total: $314.91

The price for the component decreased, but taxes increased by 350%, and shipping costs are up 100%, which is a knock-on effect. The shipping companies are experiencing increased costs in brokering the complex and fast-changing tariffs, and they are passing this on to their customers. As I typed this, I received an email from our lawyers indicating that they are increasing their prices for the first time in over three years by 25% due to their cost increases. Tariffs are another pressure on an already inflationary market, and the profit margin in our business is nowhere near enough to absorb these kinds of increases.

4. If you use all American-made parts, you won't pay any tariffs.

In electronics, we need natural resources such as neodymium, tantalum, germanium, and tin. The US lacks reserves of these minerals due to geological conditions. Other businesses may require crops such as coffee, tea, avocados etc. It's not an option to get these in any quantity from the US. No amount of tariff can change this. Some materials have to come from overseas.

For manufacturing that could be done in the US, the economics of onshoring depend very much on the product. One size does not fit all. It might be straightforward for products such as steel and vehicle parts. We already have the expertise, the workforce, the locations, and the economic model, it can be done. Other components are much harder.

The electronic components that we use in our products are completely different. The factories that create these take many years to build and require significant investment over the long term before they become profitable. China and Taiwan have been investing in building this infrastructure since the 1980s

Intel's attempts to become a viable contract manufacturer and compete with these overseas foundries resulted in billions of dollars of losses, tens of thousands of layoffs, and the dismissal of the CEO. Some of these problems are complex to solve and certainly well beyond the resources of small businesses such as ours.

I strongly believe in American manufacturing. I have supported it in my career as an employee and a business owner. The tariffs have had a devastating effect on small manufacturing businesses, with many of us facing the prospect of closure, bankruptcy, or moving our business overseas. I respectfully urge you to support the Small Business Liberation Act and exempt our small businesses from these tariffs.

James Lebihan
CEO, Mission Engineering Inc

Written Testimony of Steve Skillings, Chief Operating Officer, Sunn Musical Equipment Corp

Submitted to the U.S. Senate Committee on Small Business and Entrepreneurship

May 2025

Thank you for the opportunity to submit this testimony. My name is Steve Skillings, and I am the Chief Operating Officer of Sunn Musical Equipment Corp. Sunn is an American music equipment company focused on reviving one of the most respected amplifier brands in music history. Our mission is to deliver high-quality reissues of classic Sunn amplifier designs, built in the U.S. and engineered for today's musicians.

We design, assemble, and ship all of our products domestically. However, like many small and mid-sized U.S. manufacturers, we rely on a small number of globally sourced components—specifically printed circuit boards (PCBs) and analog potentiometers. These components are currently sourced from overseas, including China, due to availability, cost structure, and scale.

Analog potentiometers are legacy components. They use 1950s technology, and there are no remaining manufacturers producing them in the United States. They are still critical to our product, but U.S. suppliers exited this space long ago because of low margins and limited demand. Likewise, most domestic PCB vendors focus on high-complexity, high-margin work in industries such as aerospace, medical, and defense. The quotes we receive from U.S.-based suppliers are often five to ten times higher than overseas options. In some cases, our volume is simply too low for them to quote at all.

These sourcing decisions are not about cutting corners. They are about keeping domestic production viable. Strategic sourcing helps us maintain U.S. operations, employ skilled labor, and offer premium products at accessible prices. Recent tariffs on components from China have made that substantially more difficult.

We are not trying to survive. We are trying to thrive. But policies like this introduce new barriers that slow us down.

Here is how the tariffs have affected our business:

- We've reduced and delayed some component orders while recalculating production costs.
- We've postponed the launch of new amplifier models originally planned for late 2025.
- We're reviewing potential price increases that could affect affordability for our core audience, including working musicians.
- We've paused some hiring and marketing initiatives to reassess long-term financial planning.
- We are now less cost competitive compared to European-made amplifiers, which puts U.S.-built products at a disadvantage globally.

Sunn is fully committed to U.S. manufacturing. We operate two production facilities, one in California and one in Missouri. Importing a small number of low-margin components such as potentiometers and PCBs enables us to create value here at home—through engineering, assembly, testing, branding, and customer support. That's where the majority of our product's value is created. A typical guitar and bass amp by Sunn has a dozen or more of potentiometers, among other imported parts, so when the tariffs hit on parts that are not, and unlikely ever to be produced in the US, iour cost and we have no domestic alternatives.

We are also a net exporter. A growing share of our amplifiers is sold internationally. This puts us in a strong position to contribute to the U.S. economy while representing American manufacturing on a global stage. The components we import support a product that is designed and built in the U.S. and shipped worldwide under a respected American brand.

We recognize the purpose behind trade policy and support the idea of protecting long-term national interests. But a one-size-fits-all tariff structure does not account for the role these components play in enabling small-scale U.S. manufacturing. Larger corporations may be better positioned to absorb these costs. Smaller firms, particularly those restoring legacy American brands, are more exposed to this kind of disruption.

For these reasons, I respectfully urge all representatives, from both parties, to act quickly to support and advance solutions to help. Providing targeted tariff relief to small manufacturers would allow companies like Sunn Musical Equipment Corp to maintain momentum, preserve pricing stability, and continue investing in American manufacturing jobs. This would not only strengthen domestic production capacity, it would help protect the future of U.S. innovation and legacy brand revitalization.

Thank you for the opportunity to share this perspective.

Sincerely,

Steve Skillings

Chief Operating Officer

Sunn Musical Equipment Corp

Senate Committee on Small Business and Entrepreneurship Hearing
May 14, 2025
Follow-Up Questions for the Record

Questions for Mr. Benjamin Geis

Questions from:

Senator Cantwell

SBIC

Innovative ideas can come from anywhere and anybody – but entrepreneurs need access to capital to put their ideas into action. In fact, America's inventions often come from small businesses. Small businesses are essential to our innovation ecosystems.

The SBIC program helps small businesses access financing to start up or expand. In Fiscal Year 2024, 14 businesses in the State of Washington received $77 million in financing in total from the SBIC program, supporting 1,202 jobs. Over the past ten years, SBIC has supported 138 small businesses in Washington state.

QUESTION 1:

There is a big push right now to bring manufacturing back to the U.S. Do you have thoughts on how the SBIC program can help with this objective?

Currently, about 20% of SBIC investment is in small domestic manufacturers. This is despite 10% of our National GDP coming from the manufacturing space. It's clear that SBICs are already hard at work to fill a capital gap at the bottom of the market for small manufacturers. As more small businesses seek to reshore their manufacturing here in the United States, they will need capital to make that a reality. SBIA urges Congress to pass the Investing in All of America Act which will enable SBICs to access bonus leverage to support reshoring manufacturing.

QUESTION 2:

For some businesses, the costs of tariffs will be hard to either absorb or pass on to consumers, and could challenge the viability of a small business, which may lead them to have to either borrow or fail. Can you describe the impact of tariffs on cash flow and business planning for small businesses?

Tariffs are touching many industry sectors across the country. For some, it's beneficial and for others it's a detriment. The biggest issue I hear is the uncertainty of the tariffs makes planning for the future extremely difficult. What I have heard from my business owner community is that they are treating tariffs like any other business disruption and focusing on finding ways to keep their businesses moving forward.

Senate Committee on Small Business and Entrepreneurship Hearing
May 14, 2025
Follow-Up Questions for the Record

Questions for Mr. John Mickelson

Questions from:

Senator Cantwell

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Currently, about 20% of SBIC investment is in small domestic manufacturers. This is despite 10% of our National GDP coming from the manufacturing space. SBICs are already hard at work to fill a capital gap at the bottom of the market for small manufacturers. As more small businesses seek to reshore their manufacturing here in the United States, they will need capital to make that a reality. I urge Congress to pass the Investing in All of America Act which will enable SBICs to access bonus leverage to support reshoring manufacturing.

QUESTION 2:

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Tariffs are touching many industry sectors across the country. For some, it's beneficial and for others it's a detriment. The biggest issue I hear is the uncertainty of the tariffs makes planning for the future extremely difficult. What I have heard from our portfolio companies is that they are treating tariffs like any other business disruption and focusing on finding ways to keep their businesses moving forward.

Dear Senator Ernst,

Thank you again for the opportunity to testify before the Committee on Small Business and Entrepreneurship on May 14, 2025 on the topic of "Financing America's Manufacturing and Industrial Boom." It was an honor to share Guardian Bikes' story of successfully bringing high-volume bicycle manufacturing back to the United States.

I understand that Senator Cantwell has summitted questions for the record, and I'm happy to provide the detailed answers below as well as background and context.

In a letter dated May 29th, 2025 requesting follow-up questions for the record, Senator Cantwell states "People for Bikes, the trade association representing bike manufacturers, reports that tariffs are at an unsustainable level for the U.S. bicycle industry." It is important to add some additional context on the misleading characterization of who People for Bikes represents and clarify the determination between bicycle "manufacturers" and "distributors." Following this context, I answer the three questions posed by Senator Cantwell below.

Introductory Statement

The vast majority of bicycle brands within the People for Bikes coalition are not manufacturers, but rather distributors, who import and sell complete bicycles manufactured predominantly in China by Chinese OEM bicycle factories. Therefore, the organizations which People for Bikes represent operate as marketing and distribution entities, who do not engage in or invest meaningfully in U.S. manufacturing operations.

In contrast, Guardian Bikes is a true American bicycle manufacturer. We operate a vertically integrated production facility in Seymour, Indiana, employing 350 American workers and producing more than **500,000 bicycles annually**, with plans and capacity to scale well beyond **2,000,000 units per year** with 2,000 American workers within the next 3 years. We have invested **tens of millions of dollars** into advanced manufacturing infrastructure, automation, and workforce development and have successfully brought large-scale bicycle production back to the United States for the first time in many decades.

Guardian Bikes does **not** associate with People for Bikes, precisely because their interests and actions run counter to Guardian's interests. Despite their claims to support U.S. Bike manufacturers, the policies they endorse serve to further entrench dependence on foreign production. One such example is their support of the **U.S. Bicycle Production and Assembly Act (H.R. 3904)** which would allow **duty-free importation of foreign-manufactured bicycle frames and components** if the final assembly of these parts occurs in the United States. This bill, while appearing on the surface to support US bicycle manufacturing, severely undermines domestic manufacturing capability and capacity. It would immediately undermine any investments in manufacturing bicycles domestically and further reinforcing China's dominance over this industry. In the case of Guardian Bikes specifically, it would undermine the tens of millions of dollars invested and hundreds of manufacturing jobs already created in the Midwest, and the thousands of new jobs to come as we grow capacity.

We urge lawmakers to understand the distinction between *true manufacturing* and *final assembly of imported goods*. Any legislation intended to support American manufacturing must prioritize companies like Guardian, those who take real financial and operational risks to bring production home, not distributors who profit from offshore supply chains and outsourced manufacturing while presenting themselves as domestic bike manufacturers.

Below are the answers to Senator Cantwell's questions:

QUESTION 1:

I greatly appreciate the hard work you've done to build and expand your business, Guardian Bikes. Do you obtain any parts from overseas? How do you expect tariffs to impact the cost of those parts?

Yes, while Guardian Bikes has made significant investments in reshoring bicycle frame manufacturing to the United States, we do still import approximately 40% of our bill of materials, such as tires, hubs, saddles, etc.

That said, Guardian Bikes is committed to restoring our entire bicycle components supply chain to the United States within the next three years, and tariffs (which level the playing field to make it more competitive to make bicycle components in the United States) help to accelerate that.

In that context, we are supportive of tariffs that are structured to protect and encourage companies like Guardian that are bringing high-volume bicycle manufacturing back to the U.S. Tariffs, when applied strategically and predictably, can level the playing field against heavily subsidized imports and create the economic conditions necessary for domestic industries to scale.

However, for tariffs to be effective, they must be part of a clear, stable policy framework that manufacturers can plan around, uncertainty undermines investment. We encourage Congress and the administration to ensure tariff policy is targeted and consistent, in support of long-term U.S. manufacturing resurgence.

Question 2:

Most bike frames are made overseas. As I understand it, you will be manufacturing bike frames in the U.S. But is it correct that you still import parts to build bikes here? And do you foresee ending all importing for your company?

That's correct. Just this year, following an investment of $19 million dollars in capital equipment and job training, we have begun manufacturing all of our bike frames in the United States, specifically in Seymour, Indiana, using highly automated processes such as laser-cutting and automated welding which we've developed internally. However, as noted above, we still import some components required to assemble a complete bicycle. We view domestic frame production as the first step in a broader initiative to localize the entire bicycle supply chain into the Midwest. We've already formed a supplier network around our Indiana facility and are encouraging component manufacturers to relocate or expand here through co-investment opportunities, volume commitments, and shared innovation. Over time, with the right support and policy environment, we believe it's possible to manufacture most, if not all, bike components domestically. But this is a multi-year undertaking that requires coordinated effort between private industry and government.

QUESTION 3:

Given your experience, do you see your business model working for larger manufacturers? Do you foresee major manufacturers bringing the manufacture of all components back to the United States?

Absolutely. Bringing an entire supply chain back to the United States is entirely possible. The country had an entire supply chain for bikes as recently as the 80s, and it was decimated after China entered the WTO and "free trade" policies sent it all overseas. Today, targeted tariffs which reward domestic manufacturing will help drive a resurgence, and an entire supply chain can come back to the United States.

What we're building at Guardian Bikes isn't just a new factory, it's a vertically integrated, data-driven manufacturing and logistics platform designed for the modern consumer product landscape. We believe this model, combining vertically integrated domestic production, automation, and direct-to-consumer distribution, can scale well beyond Guardian Bikes and well beyond the bike industry alone.

For larger manufacturers, particularly those who value quality, responsiveness, and brand differentiation, reshoring production is not only viable but increasingly strategic. With rising labor costs overseas, growing geopolitical risk, and consumer demand for transparency and local sourcing, domestic production is regaining its competitive edge. For U.S. manufacturing to be globally competitive, we need a robust ecosystem of local suppliers, skilled labor, capital investment, and supportive policy frameworks, including consistent tariff policy and incentives for domestic production which levels the playing field against foreign imports.

—

Thanks again for the opportunity to share the Guardian Bikes story. We are proud to demonstrate to this industry and others that manufacturing is possible in the United States.

Respectfully,

Brian Riley

Founder & CEO

Guardian Bikes

EarthQuaker Devices

Senate Committee on Small Business and Entrepreneurship Hearing

May 14, 2025

Follow-Up Questions for the Record

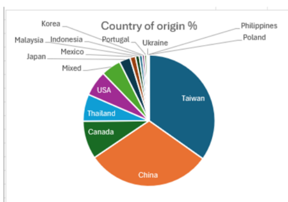
Julie Robbins, CEO, EarthQuaker Devices

QUESTION 1:

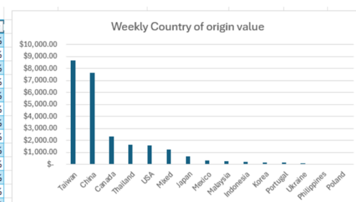
My understanding is that your company takes small, generic, electronic parts and turn those generic parts into something that a musician can create with. Can you explain which parts you get from overseas, and the value employees add to those parts?

Thank you very much for your question, Senator Cantwell. To create all of the products in our catalog, we use 961 different components. These represent 34 different Harmonized Tariff Codes and are sourced from 14 different Countries of Origin.

As you can see, only 6% of the value of our raw materials originates in the US and are mostly comprised of packaging. 44% of our components are electrical in nature and are not manufactured in the US.



Total weekly:	$ 24,961.14	
Country	**Weekly**	**Colun**
Taiwan	$ 8,692.27	35%
China	$ 7,660.09	31%
Canada	$ 2,341.67	9%
Thailand	$ 1,656.10	7%
USA	$ 1,560.70	6%
Mixed	$ 1,212.31	5%
Japan	$ 673.61	3%
Mexico	$ 337.23	1%
Malaysia	$ 231.91	1%
Indonesia	$ 183.18	1%
Korea	$ 140.32	1%
Portugal	$ 130.41	1%
Ukraine	$ 87.03	0%
Philippines	$ 44.98	0%
Poland	$ 9.33	0%



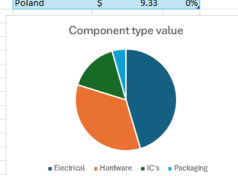
961 different components

14 different Country of Origins

34 different HTS codes

$24,961 Weekly raw material expenses

$1.297 million annual raw material expenses



Component Type	Weekly Value	Percent
Electrical	$ 10,993.72	44%
Hardware	$ 8,326.49	33%
IC's	$ 3,823.20	15%
Packaging	$ 1,066.53	4%
CM	$ 483.00	2%
Merch	$ 268.20	1%

While many of the components originate from abroad, we mostly purchase them from wholesalers located in the USA. Our two largest suppliers immediately started adding tariff surcharges to each purchase, as they had started doing this after the first round of tariffs in 2018. It would greatly increase the complexity of running our business if we had to import all

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these parts directly from the manufacturer, and we appreciate the support and service the wholesalers provide. They also create money for the US economy with the margin they charge for the products.

We take all these raw materials and add value by turning them into finished products. Here is an outline of our manufacturing process. First, we take blank PCBs and run them through our state-of-the-art SMT manufacturing line, which solders many of the small electronic components. Next, additional electronic and mechanical components are added by hand and then soldered in our wave soldering machine. We invested nearly $750,000 in this equipment in 2022 to have these capabilities in house.

Simultaneously, we are manufacturing the enclosures. We import raw aluminum enclosures, and then do all the machining, powder coating and UV printing in-house. In 2021 we purchased a second manufacturing facility to contain all these processes. Having this capability allows us to offer exclusive colorways and special artwork to our customers and contributes to a significant amount of our sales.

The next step would be for the circuit boards to undergo quality control, where the quality of the work completed by the SMT line is inspected. During this stage, several other components are added and soldered by hand.

After that, the circuit boards are assembled into the enclosures and final hardware such as knobs, jacks and switches are installed by hand. Each product is tested to ensure it is functioning correctly, and then it is packaged by hand.

Our manufacturing company is as vertically integrated as we can be, without manufacturing 961 individual components.

QUESTION 2:

I keep hearing from the Administration that the goal for tariffs is to bring back manufacturing to the U.S. But do you think that the parts you buy from overseas will be manufactured in the U.S. in the future?

It is not clear to me that the goal of the tariffs is to move manufacturing back to the U.S. That is because the goals of the tariffs are not clear, and some contradict each other. For example, if the goal of tariffs is to leverage trade deals with other countries, that would in practice serve to discourage manufacturing in the US because the tariffs could go away before the investment comes to fruition. If reshoring manufacturing were truly the goal, then the tariff roll-out date would be based on the time required to get new factories up and running- months or years, rather than weeks or days.

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I believe that it is not realistic to think these electronic components would be manufactured in the U.S. It is especially not realistic in the short or intermediate term, as the tariffs and trade war have caused a cash flow crunch and created so much uncertainty for businesses, we are not sure how to move forward.

One of my competitors, Jon Cusack, did an analysis to see how much it would cost to re-shore manufacturing of just one component, a potentiometer, in the US. He found that with the annual cost and tooling, the cost would increase approximately 25 times.

We have searched for US suppliers of some of the components that we use. We hoped to find a domestic supplier of PCBs, as they are used in each product. However, the quotes came back 15-20 times higher than our imported price.

Our market cannot sustain significant price increases. Our competitors abroad are not subject to these trade policies and added costs. The current policy is making the US the least competitive place in the world to manufacture.

While I am not an expert in electronic component manufacturing, I don't believe that these jobs will be high paying. The factories that produce them could have significant negative environmental impacts which also makes them unattractive to host them in our communities. The US does not have the infrastructure needed to support this type of manufacturing at this time, and to get there it would require a significant public investment. The equipment to manufacture components would originate from overseas and would be subject to current tariffs. The raw materials used in the components and building the factories largely originate overseas as well. The tariffs will have the impact of making an already expensive investment much more expensive – and unpredictably so as the tariff rate may change many times through the process.

QUESTION 3:

How does the uncertainty from tariffs impact your ability to make hiring decisions and capital investment decisions?

The uncertainty from the impacts of tariffs makes it very difficult to plan for hiring or capital investments. Currently, we are committed to holding steady with pricing and labor until the 90 day pause on reciprocal tariffs ends, and to re-evaluate the landscape then.

However, with the threat of ever-changing tariffs which impact not only on our costs but also on consumer demand, we have continued to downgrade our forecasts. Any possibility of a profitable year has greatly diminished, and we are now focused on preserving cash to weather the storm.

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At the beginning of April, we had a job opening in our enclosure manufacturing department. We closed that job listing due to the uncertainty created by tariffs. We will not add any further jobs until we feel we are standing on solid ground, which could take quite some time in this trade climate.

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