

## **INTERVIEW WITH AMY CORTESE** *Journalist & Editor, Author of **Locavesting***

Malaika: Welcome, everybody. Thanks so much for joining us for this edition of Women Invested. We are sitting today with Amy Cortese. Amy Cortese is an award-winning journalist and editor who writes about topics spanning business, finance, and food. Her work has appeared in the New York Times, Business Week, Conscious Company, and Be Magazine among many other publications.

Her book, "Locavesting," was one of the pioneering works on the emerging local investing and community capital movement. The book draws upon her experience covering diverse realms to explore how a small shift in investment away from multinationals towards locally-owned enterprises can reap enormous economic and social benefits for individuals, their communities, and the country. More recently, she founded locavesting.com, a media and educational site.

Based in Brooklyn, Amy has been named a top 30 crowd funding thought leader and was present at the historic April 2012 Rose Garden signing of the JOBS act. Thanks so much for joining us today, Amy. And let's get us going by asking you to give our listeners an introduction to local investing and how you think it creates positive change.

Amy: Great, well thank you for having me. I'm really honored to be on your show. Yeah, so local investing is really simply place-based investing. It's investing in your community. And I've sort of broadened the way I think about that lately to not just your physical place but your community of interest, your affinity group, investing with your values. And, you know, there's a lot of interest in it. I think local investing is really the most direct form of impact investing that you can really have, right, because you can see and feel the impact right there. You invest in a local company. You can see it thrive and you can participate in it and you can also see the spillover effects on the rest of your community.

You know, part of the benefit of it, I mean, you know, it benefits our local communities but also the national economy. Small business, right, as we know they make up the bulk of jobs in this nation but they also, on a local level, they form a solid tax base, right? Business owners are locally engaged, they're civically engaged, and they form a strong middle class.

So they really help create resilient and healthy communities and I don't think we can have a strong national economy without these strong local economies.

Carrie: Several of us on the natural investments teams, several of the advisors, have really been involved in our communities in local investing and several of us have actually been founding members of local investing groups like Slow Money or Bali. And we really, like I mentioned your book in the intro, "Locavesting," and we all have copies of this. This is one of our really primary go-to's as a great resource and I think everybody was so excited when it came out. So we'd love to hear a couple of stories from the book or since the book where examples of local investing.

Amy: Sure, yeah. In the book, I tried to tell a lot of stories because I think it's so much easier to get across the point of why this is so important by telling a story. So one of my favorites is right here in Brooklyn, New York where I live. In a neighborhood just about a five or ten minute walk from me. But it's a neighborhood called Fort Greene and it's a very eclectic neighborhood. It's where the Brooklyn Academy of Music is, a lot of writers lived there. But one thing they didn't have was a bookstore of their own and that was always the number one thing that people would say they wanted when the local neighborhood association surveyed residents every year.

So two women showed up in like 2007, 2008, and decided to open a bookstore, so people were thrilled. But then, as they were getting closer to actually opening it, you know, the financial crisis hit, the bank pulled their loan. Because that's what banks did then, they took away your loan first thing, and so that left them with a \$70,000 gap in their financing. They had some of their own money but that was a significant chunk of it.

So the people of this neighborhood that so badly wanted a bookstore stepped up and lent them \$70,000, about two dozen people did. And in return they could choose an interest rate between 2% and 4%. Many of them chose the lower one because they just wanted the bookstore so much and they also got a 30% discount for the life of the loan at the bookstore. And so it opened, was profitable its first year. It's like such a fixture in the neighborhood now. They do great local author readings, children's, you know, story hours. It's a lovely place. They collaborate with other local businesses. They support charities. So it's great and the investors are all paid back now. And the bookstore is actually opening another one in a new location and they're planning on funding it partly by residents and customers as well.

Carrie: And what's the name of that bookstore?

Amy: Greenlight Bookstore.

Carrie: Okay. Great example.

Amy: Yeah, and it's an example of, you know, local investing so often it's about filling gaps like in our neighborhood that an outsider is not going to necessarily or fill or want to fund. There's another example from Saranac Lake, New York, and it's a lovely little village in the Adirondacks. And they had lost, several years ago, their only remaining department store, and so that meant people had to drive an hour to get really basic things and, you know, especially in area like that where it snows a lot, that's a long way to go.

So the only retailer that was interested in coming in was Walmart and of course people were, I think, lightly concerned about the impact that would have on the local businesses they did have. So they decided to start their own store and they raised more than \$60,000, you know, from local people and they opened the store, the Saranac Lake Community Store and now they have their own general store and it's a really wonderful store. And actually, a lot of the community supported enterprise is like that across the country and I just love these examples.

Carrie: Those are great stories. So Amy I also have the...we had the pleasure of being together at the SoCap Conference in mid-September a Social Capital Markets Conference, and through that period of time I got to hear you talk about a very interesting project you're currently working on related to local investing. Could you tell us about that project?

Amy: Yes, sure. I would love to. I'm really excited about this. So when I started locavesting, the website, it was to kind of continue the conversation that the book started and give people a place to go because things were moving so quickly and I wanted to cover these developments and ways that people could invest locally and how this field was unfolding. And I always wanted to be able to connect people with opportunities but they're just were so few opportunities at the time, and so now.

So with the JOBS Act, which was passed in 2012, and allowed for the first time ordinary investors to invest in private companies and small businesses, we suddenly now have, you know, the first mainstream, easy-to-use ways that people can invest locally. Some of these things did exist before, but it was just a little tricky where like the Greenlight Bookstore example, you had to know someone. So with my partner, Arno Hesse, who is a member of Slow Money Northern California and also has a really wonderful company called Credibles, we've created a new website called Investibule, so named because it's your entry way to this new world of investment.

So basically, the easiest way to explain it is it's like a Kayak for community investments. So we're aggregating, bringing together multiple community investments across multiple platforms and deal types all onto one easy-to-use platform called Investibule. And the point is to make it really easy for people to discover these investment opportunities in their own communities and, whether that's their place where they live or their community of interest like, you know, renewable energy or women on ventures or craft beer.

So we're really excited about that and it's live now in beta form. You can find it at [investibule.locavesting.co](http://investibule.locavesting.co) and there are a hundred community investments up there today just to give a sense of how much is actually out there. And the exciting thing is that as new things come on board and there's a lot of innovation going on right now in the community investing space, we can just add this on to our platforms.

One thing, I want to be clear, we're not doing any investments. If somebody wants to make an investment, they click a button and they go to on that platform where they're able to make that investment. So we're simply a discovery tool and our mission is really to lift up this whole, you know, fledgling, growing world of community investing.

Carrie: That's great. And so how do you imagine, or how do you envision that the investment opportunities get on the site or on the platform?

Amy: Yeah, we pull them in. It's part automated and a little manual right now. We're actually raising funds to be able to, you know, get beyond our beta product, our working beta, and have a more robust version that has all the back end stream lined. But yeah, we're pulling in from sites like Kiva, from Credibles, from the 12 or 15 different Title III crowd funding platforms, from some of the Regulation A crowd funding platforms. Even some reward space like BarnRaiser and some of the women funding rewards based sites as well.

Carrie: So it's an aggregator of opportunities that already exist on another platform?

Amy: Exactly, yeah.

Carrie: Okay.

Amy: Yes. So we're aggregating and just making it really easy to discover. Otherwise, I mean, so many people have never even heard of crowd funding much less would they know the names of the 12 or 15 different platforms to go

to, to look for investments that they might be interested in in their areas. It's a discovery tool.

Carrie: That's super. So Amy, we'd love to hear more about what originally drew you to the work? How did you get into this really...how did you discover this passion of yours, local investing?

Amy: Yeah, well, you know, I discovered it as a journalist. I covered a lot of things, mainly technology, but that lead me to venture capital and, you know, startups. So I knew about startups and funding and the difficulties there. I wrote about local food and wine and, you know got into the local food scene. So in many ways it was, sort of, a natural confluence, but the real catalyst for me was the financial crisis. When, you know, these banks with their reckless behavior just took us all at the brink of economic collapse and then just kind of skated away, you know, no accountability and they, you know, bounced right back to life about a year or so later where, you know, many communities were still suffering. They had, you know, blight from foreclosed homes, people's savings were decimated, and so people were looking for solutions, like how do we rebuild our communities?

At the same time, you know, there was the money movement. People wanted out of Wall Street. So there was, you know, desire to move money out of Wall Street and to rebuild communities and I saw that people were actually out there creating ways to make this happen. And that's when I heard about Slow Money. I went to the very first National Slow Money gathering in Santa Fe and I was so inspired by that and I heard about a lot of things I had never heard about before like bringing back local stock exchanges. I didn't even know we ever had them. We had 30 some stock exchanges and they were very place-based.

There were things like your colleague James Frazier's LION. A local investing opportunities network which was basically a group people in Port Townsend, Washington that wanted to help fund local businesses and make loans to them. So there was all this excitement and great ideas swirling around, and so it just got me really intrigued by this whole idea, and the more I look the more I thought I think there's a book here. And so that's kind of how the book came about, but I have to say, every chapter was a research project for me because there was very little written on it at the time and, you know, a lot of it was new to me personally. So it was an adventure and an exploration and, you know, just really launched me on to this path that I've been on since.

Carrie: In the realm of finance you come from a somewhat unique perspective as a journalist looking at these issues in finance and business and now local investing.

Do you feel like there's something in particular that has been your unique contribution into the field from your perspective?

Amy: Yeah, I mean, first of all I do on a lot of very big shoulders and I, you know, always mention and all these people in my book like Michael Schumann and, you know, James Frazier. A lot of people who really were the pioneers and people who had, you know, been working in these fields for a long time and doing things. But I do think that as a journalist, I can bring in a diverse perspective because I'm out there talking to so many different people and I mean that's our role as journalist is to kind of synthesize what's going on and then tell that story in an engaging way. And I spent years covering technology so if I learned one thing, it's how to take complicated subjects and really explain in a way that people can understand but also in a way that's engaging.

So yeah, I think, you know, the book helped pinpoint some trends and then conveyed their stories and continuing with my work, like with locavesting.com and even Investibule, you know, I think I have a good vantage point to see trends and look out and see what people are doing and what's still needed and, you know, where the challenges are that we still need to work on and really point to innovative new solutions that are emerging.

Carrie: So Amy, how do you think women in particular can influence or be positively impacted through local investing?

Amy: That's a great question because there are so many...first of all, so many women in this field. I mean look at three of us right here, case in point. But I think women are drawn to this in the broader world of impact investing. And I think we can have a really big influence and it's so important because financial industry have been so male dominated for so long. I think it could benefit from a little bit more feminine sensibility, and listening, and all those things that women are good at.

But on another level, this should really, really benefit women. Also, minorities, entrepreneurs in rural areas where they don't have a good, you know, established financial ecosystem. Anyone who has struggled to raise capital traditionally can really benefit from not just local investing but this broader world of crowd funding. So the JOBS Act was signed into law in April 2012 and it slowly, you know, over the four years since then been getting implemented piece-by-piece but now it's all implemented.

And for the first time, people can invest directly in private companies and, you know, the early data shows that women actually do better than...they outperform men on rewards based crowd funding sites. And the evidence is

showing that that may hold true, as well, in some of the investment crowdfunding. So the whole point is crowdfunding, right, is to eliminate the gatekeepers and so often that was some form of old boys network, right, that women had a hard time in that environment raising capital. So you take that away and you allow women to reach out to their communities, their supporters, to their customers, to other women, and that's a whole new ball game, right? That's a different dynamic and I think, you know, that will serve women very well, and as I said, other groups. So I think it's a really positive development all around for women and for access to a capital in general.

Carrie: You've made such a great case, really, for local investing and why it's important, but I wonder could you tell us a little bit more why local investing matters to you, And how you feel like it may be especially important at this time, as America is going through a major political change, and in the greater world?

Amy: Yeah, that's a very good question. Thank you. On a personal level first, I mean, I live in Brooklyn, we are...I love my neighborhood and the neighborhoods around here. Lot of mom and pop shops, really great restaurants, we have very few chain stores. Although they're starting to come in and that makes me sad because I don't want to live in a place that looks like every other place in the world. And we've all had that experience where you go somewhere and it's the same chain stores and chain restaurants and, you know, corporate franchises.

So there is that very personal stake in it that I think we all have, but on the broader level, as you mentioned, we may not have a lot of, you know, power over what happens at the national level, but we can make a really big impact in our communities. And I think, you know, whether it's shopping local or investing local or investing in social enterprises that you think are trying to do something good in the world, to right some of the wrongs. This is so important, now more than ever, and, you know, the interesting thing, too, about local investing is in these times where, you know, everyone seems to be at loggerhead and there's so much animosity, local investing, investing in the place where you live, being proud in the place where you live really is an idea that everyone seems to get behind, you know, no matter what side of the isle you're on or, you know, where you live. Red state, blue state it's really a basic human concept that everyone can get and everyone can get behind. So, you know, I just think that and that it's really our way to...it's empowering, right? It's empowering for communities and for people to invest in the kind of change that they want to see.

Carrie: So Amy, what do you want to see in this space that you're not seeing yet or something you like to exponentially more of?

Amy: Exponentially, well, couple of things. First of all, we need a lot more education, especially around some of these new crowdfunding rules that have come out over the past few years. A lot of people still aren't even aware of crowdfunding or that they have this option to invest this way. They don't know, you know, where to go even if they wanted to, although I would send them to Investible. We've solved that problem. So that's one thing, we need a lot more education. And if people are going to, you know, start investing more directly they need to do it responsibly. So we need good investor education as well like what to look for, what are some red flags, you know, how to diversify. So some of those basic things that a lot of people aren't aware of.

But beyond that, one thing that I wrote in my book and it still comes that people really want funds. They want locally based funds like a local mutual fund. And they're really hard to do and so investing directly, that's not for everybody. Not everybody is going to want to research and due diligence on a company or maybe they don't have the time to or they just don't feel comfortable doing it. And for this people, a fund would make, you know, a lot of sense. They just want to put money into something and know that it's going to work in their chosen community and that somebody is vetting it, and, you know, they're diversified and, you know, that's taken care of.

So it's really tricky to do a local fund the way...I think it's one of the securities rules that was enacted in 1940, right? So it's another thing that I think needs to be updated to make it easier to do the kind of small scale community-based funds that a lot of people are asking for. And a lot of people, I hear it again, and again. The good news is we're starting to see some. People have figured it out how to use the existing rules to do funds that, you know they're kind of loophole-y things that, you know, you can kind of work around to do a local fund, and...or you can go through and spend all the money and actually register it. It's kind of like registering to be a public company. So I think we're going to see a whole bunch of this start coming out in 2017. That will be exciting.

Carrie: Is there one out that's been an example for you so far?

Amy: Yeah, what we have are things like Calvert Foundation Ours to Own which is sort of a way to, you know, it's a note...it's a way to put money in a place. So you can do some of that now, and there are...some of them are raising money through direct public offerings. John Katovich at Cutting Edge Capital is working with a couple of companies. One in Fresno, California that is raising money for a fund that will let people that live there invest in downtown commercial space in Fresno. So that's a very interesting one.

But there are some, kind of, bigger scale ones that are coming up. I'm familiar with one that's working along the old northern railroad line in the midwest and they're doing a fund that will invest in all the communities that are located that particular line. It's got a really great history behind it and they're still raising money for that now, but as they said I think we'll start seeing a lot of these in 2017. So in addition to the direct investing, we'll be able to have these funds and I think we need that whole continuum.

Carrie: What message, or words of wisdom, Amy, would you like to offer to other women investors?

Amy: Well, I would say, you know, in general, don't be afraid to forge your own style whether you're a professional or an entrepreneur or an investor. You know, as I've said before, we've all lived all through this male-dominated world of finance and it hasn't always worked out so well and I think that, you know, women need to have the confidence to do things a different way and not feel like they have to fit those molds. And I think women listen more which makes us better investors. I think there's a, you know, there's just a broader outlet sometimes, and I think that could be very helpful for the financial world and for all of us. So I would say, whatever it is in life, whether you're investing, whether it's how you run your business, or how you start your business, or what you do in your work but don't be afraid to go with your gut or your heart. Because I think that's really important for us and I think, you know, more of that feminine wisdom is needed in the world now and that feminine leadership. And I would also say, do what you can to support other women.

Carrie: And so applicable to local investing, and like you said the feminine...to me there's this, some of the feminine strengths, traditionally, feminine strengths of collaboration, relationship building, that's so much of what local investing is about.

Amy: Absolutely, yes, and it really is a fundamentally different type of investing that is based on relationships. And I mean, yes, we're, you know, investing to, you know, hopefully make a return and you want those ventures to be, you know, vetted to some degree and be worthy of investment. But it really is based on relationships and that can have such a follow-on effects and reverberation I think, and then it's, yeah, it's more intimate way of investing.

Carrie: Yeah. So is there anything else I need that you would like to highlight or share with us that you haven't talked about yet?

Amy: Yeah, one thing on sort of following up what we just talked about. There's a lot of talk about risk and how risky small businesses are and I would make the argument that with local investing you really mitigate some of that

risk, right? Because there's a familiarity and there's a knowledge, right? A knowledge of the local market, you know the people. It's easier to...well let me put it another way around it, it's harder for someone to pull the wool over people's eyes when they're a known quantity in a community. So I think local investing can actually mitigate some risk and help communities bring to life some of the things that are needed that will improve their communities. And I think we need a lot more tools to help people do this and feel comfortable with this.

And again, Investibule is intended to do just that. Like help people discover these investment opportunities and make it really easy for them to find them and then, you know, they make a decision whether they want to invest or not. But I think there's wisdom in the community, right, as in the crowd, but especially in the community and so I think we're...I'm really excited about seeing where this community underwriting, sort of, idea goes because, right? Because with crowd funding you have people making decision based on, "I know that person. I'm a customer of that place. I love that idea. I know they do well there." So there's this idea of community underwriting and it will be interesting to see if the community is indeed wise and makes good decisions and, you know, is good at vetting. So in the coming weeks and months, we'll find out.

Carrie: Well, thanks so much for sharing your work with us today, Amy. We appreciate that you're bringing the stories of what people are working on in various communities and kind of bringing it all together. I think your book and that Investibule site. I think that really is an importance piece of the education that you're talking about that's really needed to kind of spread the knowledge and open it up to more people to participate in and reap the benefits of and then contribute to. So thanks so much for the work that you're doing and for taking the time to talk with us today.

Amy: Great, well, thank you so much for having me.