



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

September 13, 2012

The Honorable Walter B. Jones
Member, U.S. House of Representatives
1105-C Corporate Drive
Greenville, North Carolina 27858

Dear Representative Jones:

Thank you for your recent inquiry on behalf of Mr. Oscar Greene, President of Group III Management, Inc. (Group III) regarding his concern that SBA denied Group III's HUBZone application on June 5, 2012, in error.

Group III's HUBZone application was denied because the firm did not provide documentation for proof that it met the principal office or 35% residency requirement within the allotted timeframe during the HUBZone application process. The HUBZone Office made its determination on Group III's application based on the evidence provided by the firm during the application process.

Group III submitted its HUBZone application on March 9, 2012. On March 22, 2012, the HUBZone Office sent an electronic correspondence to Group III requesting supporting documentation (proof of employees' residency covering the date of application) to validate the information submitted in its electronic initial application. This information was due on April 5, 2012. In SBA's electronic correspondence the HUBZone Program office granted the firm an opportunity to inform us in writing why the requested information could not be provided; and, if the Group III was unable to provide the documentation, the firm was afforded the opportunity to request the application be withdrawn to allow more time to obtain the requested information. Based on the documentation submitted by the firm, it failed to prove that Group III met regulatory requirements.

According to their HUBZone application package, Group III's principal office is located in Lenoir County, a non-Metro County, not currently HUBZone qualified by either unemployment rate or household incomes..

Secondly, the payroll records and other documents provided for the pay period covering March 19, 2012, the firm reported to have had 15 employees who worked 40 or more hours per month. At least six of Group III's employees must have resided in a HUBZone ($15 * 35\% = 5.26$ rounded to 6) in order for the firm to meet the 35% HUBZone residency requirement. Of these 15 employees, the payroll records and supporting documents provided evidence that three employees resided in a HUBZone. Thus, Group III did not meet the HUBZone residency requirement at the time it submitted its HUBZone application and consequently was not eligible for HUBZone participation.

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Please note that 90 days have passed since the date that Group III's application was denied and accordingly, Mr. Greene's firm may reapply for HUBZone certification if it believes that it currently meets all of the HUBZone eligibility requirements.

Prior to reapplying for HUBZone certification, we encourage Mr. Greene to participate in the HUBZone Program's Open Forum Helpline "Office Hours" established specifically to help small business concerns such as his firm to learn more about the eligibility requirements of the HUBZone Program and the documentation required of applicants during the HUBZone application process. The Helpline Office Hours are every Tuesday and Thursday from 2:00 p.m. to 3:00 p.m. EST starting on Tuesday, September 18, 2012. Mr. Greene can access this interactive conference call by calling (800) 888-2144 and using access code 3061773#.

We appreciate your continued support of the SBA and the North Carolina small business community. If you and your staff have any questions, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

Mariana Pardo
Director
HUBZone Program