

To: Chairman Stephen F Lynch, Ranking Member Warren Davidson and Chairwoman Maxine Waters

My name is Marceau Michel. I am the founder of the Black Founders Matter and a passionate advocate for underrepresented founders and fund managers. It is an honor to share my thoughts and observations on this very timely matter.

Much like the legal end of slavery, racial integration and affirmative action our society needs to have measurable and accountable methods to facilitate positive change. To this day, even those efforts have not created parity in this country but have enabled social progress.

What I'm asking is that you consider how our society and lawmakers are holding the venture investment industry accountable to finally integrate in a meaningful way. There have been many empty vows to improve the abysmal statistics of diverse investment. However, there has been no significant movement or effort truly diversify by include women and BIPOC founders in their portfolios. This is unacceptable. So I took action.

In June 2022 I launched the 25 by 25 pledge for venture funds to make a real measurable commitment to change. This pledge entails investing 25% of their current fund in startups led by BIPOC women and 25% BIPOC women representation within the staff by 2025. This was created to give funds a clear objective to work towards. Without measurable intentionality we will not see any change or improvement. Funds need to be representative of the founders they are investing in. The existing tradition is for funds to be run and invested homogeneously. This is an obvious blind side to diverse investment. Thus to realize significant change in investment exposure, VC funds must have more BIPOC representation from within the firm.

Classist Tech Bro culture has weakened our economy and limited the solutions that diverse founders are creating. Discrimination based on socioeconomics and network is what's allowed this to prevail. Change must be mandated.

My experience investing in Black Founders has only proven this to be true. After making my first 5 investments in ventures led by Black men, I made a specific choice to only look at deals led by Black women. This effort led to investing in superstars like Olympian Allyson Felix and other incredible companies founded by black women. The Black Founders Matter has invested in and alongside some of the most influential women in this country, however it took a concerted effort to do it.

Our communities have had very little choice in the financial institutions and companies that serve us. Fintechs that claim to serve and target our communities without any level of representation or connection to said communities is a form financial manipulation. Without any accountability this will continue.

Lack of internal representation leads to an inability to even find viable diverse investments. I want to dispel the misconception that there is a lack of Fintechs led by diverse founders. Often these founders do not benchmark well against the existing mold that has been shaped by the dominant white male culture in VC.

Dismissing the lived experiences and perspectives of diverse founders is a detrimental mistake. It's these lived experiences that inform the products we create with the specific needs of our communities in focus. This leads to better outcomes and services for all.

We've repeatedly seen women and BIPOC founders prove more capital efficient and yield higher returns. This should lead to an increase in interest in such ventures. However, investing in and working with said founders exist outside the comfort zone for most VC funds.

If legislation can't be put into place to integrate Fintech financing, how can the emerging diverse founders in this space be empowered?

When cities and municipalities want to revitalize districts and neighborhoods they provide incentives to attract investment. These "opportunity zones" serve as a catalyst for economic growth and land appreciation. What if a similar approach were taken to entrepreneurs.

In recent years there have been more emerging funds that have specific focuses on the immense opportunity zone that is unrepresented founders. These funds need more capital and investors need more incentive to invest with them. Are there ways to incentivize investing in funds that are focus on closing this gap? Is there funding that can be created for emerging funds that are investing in women and BIPOC founders?

I believe it takes multiple approaches to tackle this disparity. I know this committee of esteemed leaders has the ability to put forward policies that will transform what can happen now and for generations to come. By creating metrics for existing VC funds to meet, funding for emerging funds that are focused on this space and incentivizing investment these funds will push the needle forward. What makes this country remarkable is our ability to grow and push forward.