



Support for L³C State Laws

The L³C is a variant of the widely accepted limited liability company, and is intended to operate at the intersection point of for-profit and nonprofit enterprises.

Jeffrey Randol, President of L³C Advisors said "the L³C is created to facilitate the flow of both private and philanthropic capital to ventures that provide a social benefit". It is anticipated that the philanthropic capital will boost the flow of funds from investors to ventures that have a socially beneficial purpose. Randol further states that **"as a result, the business sector in economically depressed areas will be able to source additional capital, create new jobs, meet economic needs, and expand the tax base"**.

The L³C legislation identifies for profit businesses that are eligible for foundation investments.

Foundations could invest by making a Program Related Investment (PRI) as per IRS Code Section 4944(c), which recognizes that private foundations may carry out their exempt activities through means other than by providing grants. The PRI is structured such that it bears the greatest amount of risk and thereby leverages market risk capital that might otherwise not be available.

In a January 28, press release the White House urged foundations to take more risks. **Sonal Shah, head of the White House's Office of Social Innovation and Civic Participation**, was quoted as saying "Just as business tries ideas,

and some things stay and some things fall away, we need more risk taking by foundations."

"The L³C is the for profit with the nonprofit soul. It turns the venture capital model on its head and provides high risk capital at low return," according to Robert Lang, creator of the L³C and CEO of L³C Advisors and the Mary Elizabeth and Gordon B. Mannweiler Foundation. "Further, the funds can be redeployed over and over again as they are returned to the foundation."

The L³C would provide a funding program that can be used for initiatives such as:

- **Affordable housing**
- **Redevelopment of distressed properties**
- **Retention and expansion of manufacturing facilities**
- **Creation of sustainable programs for the arts**
- **Development of alternative energy solutions**
- **Funding for emerging industries**
- **Charter schools and day care centers**
- **Health care facilities**
- **Self sustaining social service organizations**

The L³C is a tool that can be used by economic and community development organizations for many beneficial purposes.

In Maine, an L³C was formed for the purpose of providing market access for the milk from small organic dairy farmers.

In Montana, an L³C is being formed for the expansion of a food processing facility for the Montana Food Bank Network. The facility will also produce wholesale and retail products and be self sustaining so the food bank will get its food processed at no cost.

In St. Louis an L³C is being formed for the development of a vertically integrated organic urban farm consisting of a processing and packaging facility, rooftop greenhouse and market located on a vacant intercity parcel. This will provide jobs and fresh healthy food to those who normally have little access to same.

L³C Advisors L³C is the first L³C created in the world and was organized to help others organize and finance L³C s.

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