

April 2009

# NomineeAlert

## Mills' Background

President, MMP Group, 1993-2009

Co-Founder and Managing Director, Solera Capital, 1999-2007

Director, Armor All Products Corps., 1994-2009

Director/Lead Director, Scotts Miracle-Gro, 1994-2009

Director, Arrow Electronics, 1994-2009

Director, Baltimore Orioles,

Director, Telex Communications, Inc.

Director, Armstrong Wood Products, Inc. (previously Triangle Pacific Corp), 1988-2009

## EDUCATION

A.B. Radcliffe College, 1975

M.B.A. Harvard Business School, 1977



## Who is Karen Mills?

On December 19 President Obama announced Karen Mills as his nominee to be Administrator of the Small Business Administration.

Karen Mills is a venture capitalist who founded Solera Capital in 1999 and served as managing director from 1999-2007. According to Ms. Mills, "Our operating philosophy is to invest about \$15-20 million in each deal and take a controlling interest. We like to be the capital that comes in to grow the business to the next level — build the next plant, make an acquisition, or expand the brand." Fourteen of Solera's seventeen investment professionals are women. The fund invested in several companies: Homegrown Naturals (organic food), Latina Media Ventures (bilingual women's media), the Little Clinic (chain of walk-in clinics), Calypso (women's boutique clothing) and YOLO Colorhouse ("green" paint manufacturer). Solera raised \$250 million, half of which came from Oregon and California public employee pension plans. As of June 30, 2008, these two pension systems have received only about \$2 million in distributions for their investments. Fn. 1

## this issue:

Karen Mills, Nominee for Administrator of the Small Business Administration

## Nothing she touches prospers...

During the 1980's Mills worked with Eli Jacobs, eventually becoming COO of his E.S. Jacobs and Company, a leveraged buyout firm that went bankrupt in 1993.

The American Small Business League is concerned about her nomination. Just recently the National Venture Capital Association began lobbying Congress "to allow firms controlled by some of the nation's wealthiest investors to land federal small business grants under the Small Business Innovative Research (SBIR) program." During her April 2 confirmation hearing before the Senate Committee on Small Business and Entrepreneurship, she said that she would support proposed legislation that would divert small business contracts to venture capitalists. Fn. 2

“ Most investors would not be happy with that type [Solera's] of performance. ”

# More you really need to know about Karen Mills

## Take note:

While she was on the Board of Scotts Miracle Grow, the company sued Terracycle, a small start-up company run by college students. Terracycle markets worm waste as fertilizer packaging it in recycled plastic bottles. This company is located in the inner city and provides jobs to disadvantaged young people. At the time, Terracycle had sales of \$1.5 million; Scotts had assets of over \$2 billion. Although Terracycle waged a strong public relations campaign, it was forced to settle with Scotts. Fn. 3

## Sources for further reading:

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Scotts: 1 Worker to blame for recall. Columbus Dispatch. Available online at: [http://www.columbusdispatch.com/live/content/local\\_news/stories/2008/04/25/Herbicide.ART\\_ART\\_04-25-08\\_A1\\_B0A1ATN.html?sid=101](http://www.columbusdispatch.com/live/content/local_news/stories/2008/04/25/Herbicide.ART_ART_04-25-08_A1_B0A1ATN.html?sid=101). (Accessed April 3, 2009.)

Whistleblower problems at Armor All. Business Wire. Available online at: [http://findarticles.com/p/articles/mi\\_m0EIN/is\\_1995\\_May\\_1/ai\\_16881222](http://findarticles.com/p/articles/mi_m0EIN/is_1995_May_1/ai_16881222). (Accessed April 3, 2009.)

Insurance Violations by Guardian Life, another company whose board Mills sits on. Available online at: [http://www.ins.state.ny.us/EXAM\\_RPT/1800FLD.PDF](http://www.ins.state.ny.us/EXAM_RPT/1800FLD.PDF). (Accessed April 3, 2009.)

More information on Guardian. Available online at: [https://apps.tdi.state.tx.us/pcci/pcci\\_show\\_profile.jsp?tdiNum=37200](https://apps.tdi.state.tx.us/pcci/pcci_show_profile.jsp?tdiNum=37200). (Accessed April 3, 2009.)

## Fn. 1

- "Obama's SBA Pick Helped Run Private Equity Fund With Some Less-Than-Stellar Results," *ProPublica*, found at <http://www.propublica.org/article/obamas-sba-pick-helped-run-private-equity-fund-with-some-less-than-stellar->. (Accessed April 3, 2009.)
- "Crashing the Party: Solera Capital's Molly Ashby built a firm that banks on its distinctiveness." found at [http://goliath.ecnext.com/coms2/gi\\_0198-409149/Crashing-the-Party-Solera-Capital.html](http://goliath.ecnext.com/coms2/gi_0198-409149/Crashing-the-Party-Solera-Capital.html). (Accessed April 3, 2009.)

## Fn. 2

- "Obama's SBA Pick Helped Run Private Equity Fund With Some Less-Than-Stellar Results," *ProPublica*, found at <http://www.propublica.org/article/obamas-sba-pick-helped-run-private-equity-fund-with-some-less-than-stellar->. (Accessed April 3, 2009.)
- "National Venture Capital Association President Admits They Are Going After Small Business Program," *Entrepreneur*, found at <http://www.entrepreneur.com/PRNewswire/release/112295.html>. (Accessed April 3, 2009.)
- "New SBA Administrator Supports Plan to Divert Small Business Contracts to Wealthy Venture Capitalists," found at <http://www.asbl.com/showmedia.php?id=1362>. (Accessed April 3, 2009.)

## Fn. 3

- "After a Good Fight, David Forced to Settle with Goliath" found at <http://www.inc.com/news/articles/200709/terracycle.html>. (Accessed April 3, 2009.)
- "Scotts Miracle-Gro Sues Small Organic Fertilizer Company" found at [http://www.organicconsumers.org/articles/article\\_6207.cfm](http://www.organicconsumers.org/articles/article_6207.cfm). (Accessed April 3, 2009.)

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