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From the Philadelphia Business Journal:

<http://www.bizjournals.com/philadelphia/news/2016/03/02/new-penn-financial-coo-simon-business-lender.html>

Ex-New Penn Financial COO launches alternative business lender

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Brian Simon held c-level positions for the three largest non-bank mortgage lenders in the country over the past decade, but last year he reached his breaking point.

“I’d just had enough,” Simon said. “All of the regulation. The business was not fun anymore. So I wanted to take my skillset and create a business where we were helping businesses and not individuals.”

So he and partner Joe Greco formed a new, alternative business lending company called CapitalFront to serve small and middle market businesses. The Conshohocken-based firm moved into 8 Tower Bridge last fall for a soft opening and officially launched this week.

Sports Authority files for bankruptcy; 10 Phila. area stores to close

Simon, who serves as CEO, spent the previous three years as chief operating officer for New Penn Financial, the fast-growing Plymouth Meeting mortgage lender founded in 2008 by CEO Jerry Schiano, the former CEO of Wilmington Finance. He also spent time as CEO of Caliber Funding and COO of Freedom



Brian Simon tired of the mortgage lending business so decided to start an alternative business lender.

Mortgage.

Greco, who serves as chairman, is a minority owner of the Philadelphia Union who founded Valley Forge based revenue cycle technology company PSC Info Group (now RevSpring).

He also is founder and chairman of CapitalFront's sister company, Center City-based Thrivest Legal, which finances plaintiffs in personal injury cases pre and post settlement. Simon said Greco bought it two years ago, and now the duo operate it and CapitalFront under the same holding company.

New York firm drops \$175M for majority stake in Phila. branding agency

The competition is fierce in the alternative lending space, **a topic the Philadelphia Business Journal explored in a 2014 article.** But Simon sees a comfortable lane for CapitalFront, which he and Greco are self-funding to get off the ground.

Its core product is unsecured, short-term capital for small and mid-sized businesses with fixed terms, usually between six and 24 months. Other products include merchant cash advances, receivable financing, factoring, and SBA loans. Financing will come from private capital and all sales are conducted via Internet or phone, with no brick and mortar sales facilities.

Simon said the firm's sweet spot will be loans of \$50,000 to \$500,000, though it could top out at as much as \$2 million. Clientele will include companies ranging from \$1 million to \$20 million in annual revenue. Rates will range from the high teens to 45 percent — quite high but par for the course for short-term, alternative lenders and no variable rates to surprise clients.

In rare public appearance, Comcast CEO Brian Roberts all but ends speculation of Yahoo deal

CapitalFront is not interested in competing with big banks but is exploring potential partnerships **like the one recently reached between JPMorgan Chase & Co. and alternative lender On Deck.**

Simon thinks his firm can differentiate itself from the pack of alternative lenders with its use of technology and a broader product suite that includes longer term loans (36 to 72 months) for businesses that just missed out on obtaining a bank loan.

CapitalFront currently has 15 employees but Simon expects that number to increase to between 40 to 50 within the next six months.

Jeff Blumenthal

Reporter

Philadelphia Business Journal

