

18 RABBITS

September 10, 2012

Testimony for Congressional Hearing September 12, 2012 on behalf of the Committee on Oversight and Government Reform Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs and the Committee on Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises

Capital is the energy behind great ideas. Manifesting those ideas is the foundation of this country. At 18 Rabbits, we make a very easily understood product with a straight-forward business and loyal customers. With the lifting of the General Solicitation ban, those customers could participate in the growth and success of our business paving the way for more entrepreneurs to start businesses.

18 Rabbits, launched in 2008, brings food back to its roots by creating delicious granola and granola bars using clean, premium ingredients. Our bars are the bridge between health and a treat. We have nationwide distribution and our customers include: Whole Foods, Wegmans, Virgin America, Google, Amazon.com, The Fresh Market, Peet's Coffee & Tea and Duane Reade. Additionally, we are available in upscale "lifestyle" establishments such as yoga studios, boutique hotels, sporting goods stores and spas. We have 18 distinct healthy and organic granola-based products spread over three product lines. All of our production takes place in the US and 85% of our ingredients are sourced from US farms. Today we directly employ 8 full and part time employees.

Our competitors are large corporations such as Quaker Oats, Kashi and Nature Valley. To compete with the mega companies, we need capital to raise awareness for our brand, attract an experienced team or have the means to train an enthusiastic young staff and produce more product.

To grow our company, we raised money from friends and family starting with a \$10,000 check from my father and more recently we closed a \$500,000 round of funding going through a site called CircleUp.com.

Over the course of 3 years, I applied and spoke in front of five to six angel investor networks. I also met with over 10 private equity and venture capital firms specializing in our space. Time and time again, I was told to return when we reached X million dollars of revenue only to be told when we reached that threshold to come back at double the amount.

It is a full time job to attract and build relationships with perspective investors, which takes me away from running and growing the business. Without the divine intervention of meeting a sole angel investor in New York City who invested in 2010, I would not be sitting in front of you today.

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We also sought funding from banks, but without a positive cash flow or profit, we were turned down. We were able to get a micro loan of \$25,000 in mid-2009 as part of the American Recovery and Reinvestment Act and then a line of credit from a local bank for \$100,000 in 2011. To grow and hit our targets though, we need a line of at least \$500,000.

We are part of the solution to provide healthier snacks to the marketplace to turn back the unprecedented rates of childhood obesity. Our vision at 18 Rabbits is that everyone has the right to pure and simple food. As part of that vision, we created a junior bar line called “Bunny Bars”. Because we didn’t have the necessary capital, the launch was delayed, and we have not been able to penetrate the market deep or wide enough. Ultimately, the lack of capital is keeping us from our mission of putting healthier food in kids’ bodies. As a new mother, this solution is particularly close to my heart and to the Company's culture.

We also could be providing more bars for our community service through our 1% for kids program whereby we give 1 out of every 100 bars made to kids in urban schools.

Starting a small business in America, should not feel like starting a fundraising business. With the lifting of the ban on General Solicitation, entrepreneurs like me, and some of you, can focus on running and building the business instead of using that valuable time to raise money. It allows for more innovation to drive healthy competition and allows more businesses to start employing more people. Ultimately, it is supporting the American Way. Thank you for your attention and for inviting me to be here.

Sincerely,



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2012

Alison Bailey Vercruyse, Founder and CEO of 18 Rabbits, Inc.

From Dallas to Chicago to San Francisco, Alison, the Founder of 18 Rabbits, went from the world of banking to the world of baking. Alison worked at the Federal Reserve Bank of Chicago, but found her heart was in creating baked goods. She started a cottage granola business in 2004 and then decided to go bigger. Alison launched 18 Rabbits, Haute Granola and Bars in February 2008. She also is profiled in the book *Growing Roots: The New Generation of Sustainable Farmers, Cooks and Food Activists* by Katherine Leiner, 2010. She serves on the Board of Working Solutions, a nonprofit that supports entrepreneurs to start or grow successful local businesses by providing small business loans and advising. Alison holds an MBA from DePaul University and a BBA from Southern Methodist University.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name: Alison Bailey Vercruysse

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2010. Include the source and amount of each grant or contract.

not applicable

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

18 Rabbits, Inc.

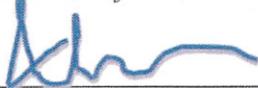
I am the Founder and CEO.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2010, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

not applicable

I certify that the above information is true and correct.

Signature:



Date:

September 10, 2012
