

A red rectangular sign with white text is hanging from a silver chain. The chain is attached to a clear suction cup. The background is a blurred outdoor scene with green foliage and a bright light source, possibly the sun, creating a lens flare effect.

**COVID-19  
WE ARE  
CLOSED**

## THE PAIN IN AMERICA'S FOOD SUPPLY CHAIN

By Paul Sweeney

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## Broker in Early Twenties Builds MCA Business in Less Than Three Years

By Kevin Travers



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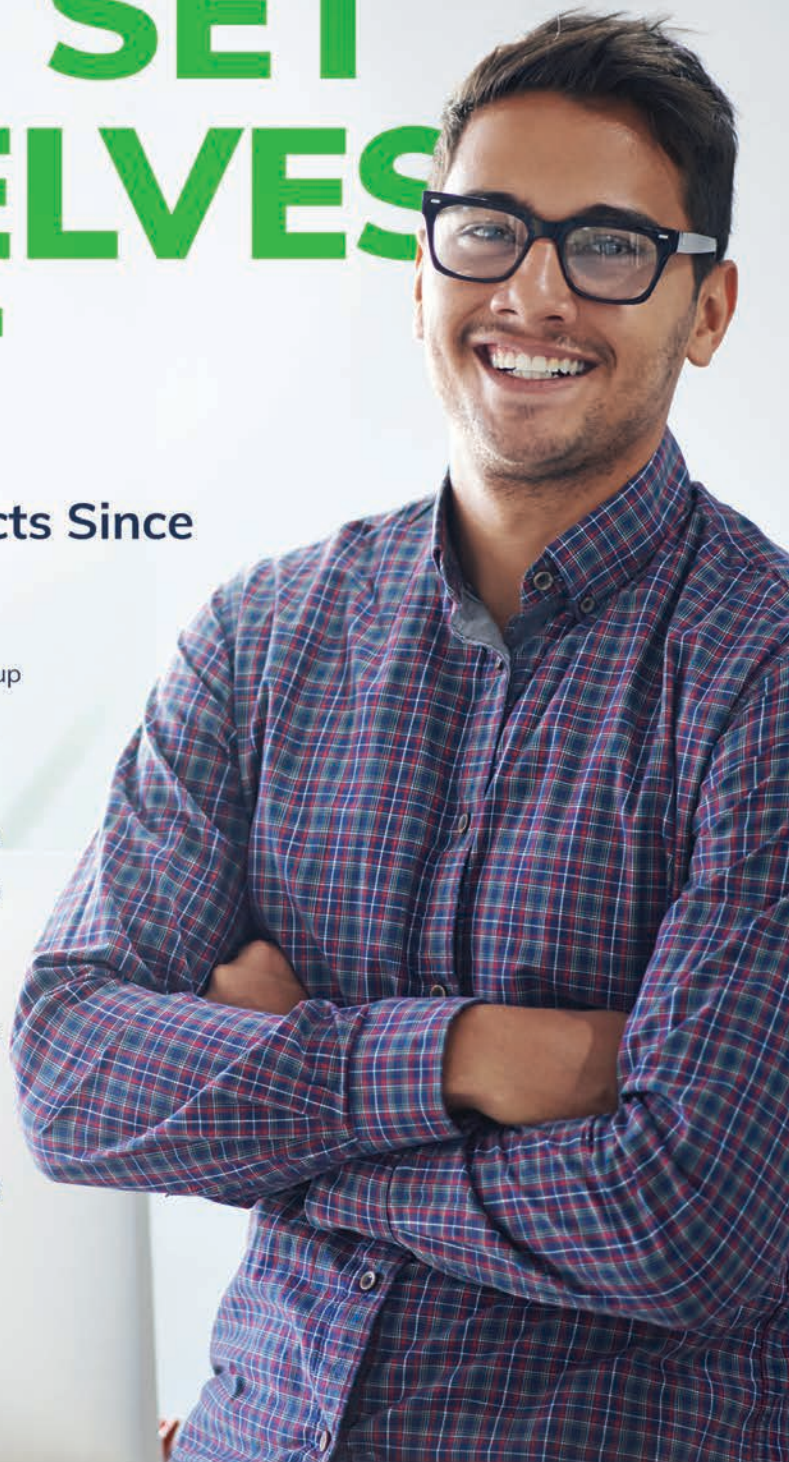
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by: PAUL SWEENEY

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INDUSTRY NEWS

**deBanked**

January/February 2021

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deBanked is a publication by:

Raharney Capital, LLC

325 Gold Street, Ste 502

Brooklyn, NY 11201

212.220.9084

For advertising information or general inquiries,  
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# Letter From the Editor

**BY  
SEAN MURRAY**

This is the first time a deBanked magazine has been digital-only since 2012. 2020 was an interesting year to manage distribution of a publication geared towards subscribers that have historically operated out of offices. A lot of mailing addresses changed and we made accommodations and adjustments all along the way. But in the interest of managing resources efficiently, I determined that it's probably better to pause print distribution until at least 2022 when businesses are more certain of their physical address. As we saw with Coinbase in their February IPO filing, they didn't even have an address at all. Strange times!

And where are our resources being allocated? Well, we've not only added a video platform available at [debanked.com/tv](https://debanked.com/tv) but additional value and insight is being provided to our website advertisers. Advertisers can now track their click-through totals in close to real-time and can take advantage of the opportunity to have a white-labeled landing page optimized for conversions. After all, we're one of the hottest business-to-business sites on the web and we want to make sure all our partners are maximizing the value of our relationship.

*—Sean Murray*



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# THE PAIN IN AMERICA'S FOOD SUPPLY CHAIN

By PAUL SWEENEY

**COVID-19  
WE ARE  
CLOSED**

It was last November, Mark Mavilia says, when he and three friends in Washington, D.C. rendezvoused for dinner at Ghibellina's, an Italian gastropub in Logan Circle "specializing in Neapolitan-inspired pizzas and craft cocktails," says the online restaurant guide "Popville."

Hold the pizza! Mavilia, who is art director at the Association of American Medical Colleges, couldn't wait to tuck into the pasta-bolognese, his favorite dish. "In my opinion," he says, "it's the best in the city."

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Or rather was the best. When the foursome assembled outside the restaurant, they were disappointed to find Ghibellina's had closed. "They had shut down for good," Mavilia says, adding: "It was not boarded up. Just a note on the door thanking patrons for their support. I will surely miss the bolognese."

The Ghibellina brand was later consolidated into a sister restaurant called *Via* in Ivy City.

Mavilia's experience in Washington is typical of a nationwide phenomenon. Tens of thousands of restaurants and bars and eateries of every kind have closed their doors as the Covid-19 pandemic has ravaged the country and Americans have sharply limited their social interactions. As U.S. fatalities surpassed 410,000 in January, the economic damage to the restaurant and bar businesses has been staggering. "Washingtonian" magazine keeps a running tab of restaurants that have closed their doors in and around the nation's capital owing to the pandemic. In December, its tally listed 75 casualties in The District alone, including such icons as the Post Pub and Montmartre, Momofuku and Tosca, plus many more in the Maryland and Northern Virginia suburbs.

The area around the White House dominated by the influential K Street law firms and lobbyists, and the World Bank and International Monetary Fund has been nearly barren. With few people trickling into the central city, says Madeleine Watkins, owner of 202strong, a fitness club featuring personal trainers, her business is getting battered. Receipts are off by 80% over last year and she sees the effects all around her.

"There are definitely a lot of restaurants closed, but I'm hoping and praying that lot of it is temporary," she says. "We need people to come downtown for Washington to be a vibrant and bustling city with coffee shops, restaurants, and sandwich shops."

One hopeful sign: Tosca, a white-tablecloth restaurant near Metro Center which boasts an enthusiastic, upscale audience and earns 4.8 stars from customer reviews, promises to re-open in the spring. "This was my go-to Italian restaurant near my office," declares Deborah Meshulam, a partner at multinational law firm DLA Piper and a former lead trial counsel at the Securities & Exchange Commission. "I loved their grilled Branzino and pretty much anything else they made."

The Minneapolis Star-Tribune recently counted 94 restaurants that had closed down permanently in the Twin Cities. "Saying goodbye to a beloved watering hole, a neighborhood café or a four-star restaurant is never easy," reporter Sharyn Jackson wrote in late December. "But in 2020, the pain kept coming as the pandemic brutalized the Twin Cities hospitality industry."

## "WE EVEN SAT WITH THE OWNER'S CHILDREN ONE NIGHT"

Among the notable casualties, were Bachelor Farmer, Muddy Waters, and Fig+Farro.

Angharad Bhardwaj, communications manager at medical technology company GenesisCare and a lifelong Minnesotan, told deBanked of her sorrow at learning that Fig+Farro had closed. "My husband and I were there for their opening, and I am so sad to see it close," she says. "This was one of our favorite restaurants, just steps away from our condo in Uptown. We spent our first Valentine's Day there. It was fresh vegan food. We even sat with the owner's children one night. The little boy was helping his parents with the restaurant, taking orders."

In Denver, online entertainment publication "Do303" recently highlighted closures of 15 area restaurants it called "the great ones that kept our hearts and bellies full for years." Notable among the cohort was El Chapultepec, 12@Madison, and Biju's Little Curry Shop. Michelle Parker, a Denverite who has a short commute to suburban Westminster where she is the City Clerk, says: "The feeling around town is that this has been a big loss to neighborhoods and to the food scene, which was just coming into its own as the pandemic hit."

Nationwide, more than 110,000 restaurants, bars and food-service establishments have closed their doors, reports the National Restaurant Association, the premier Washington-based trade group representing the food-service industry. The membership includes not only restaurants, pubs and cafes but non-commercial restaurant services, cafeterias, institutions like college cafeterias, and even food services at military installations.

The food-service industry is the nation's second largest private employer and accounts for \$2.1 trillion in economic activity, reports Vanessa Sink, director of media relations at the trade group. On average, when a restaurant closes, fewer than 50 people find themselves unemployed, but it adds up. As many as eight million food-service workers – waiters and bartenders, hosts and hostesses, cashiers, general managers and dishwashers, parking valets and cooks and chefs — were out of a job at the height of the pandemic in early 2020.

Curtis Dubay, senior economist at the U.S. Chamber of Commerce in Washington, D.C., notes that a whole array of food-service jobs are interwoven into the fabric of the U.S. economy. "Anything that involves large





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gatherings – transportation, travel and tourism, athletic events, the theater, the hospitality industry,” he says. “In places like The Hyatt in Orlando, food-service workers are involved in setting up a ballroom for conventions and small meetings. It’s a big part of the economy.”

## 2.1 MILLION FOOD SERVICE JOBS VAPORIZED

Since the spring, many of the lost jobs came back as restaurants were able to add take-out and delivery services. Many states and localities allowed restaurants to re-open with outdoor-seating, limited occupancy, customer-spacing, and Plexiglas booths.

something fancy. “Who wants to spend \$60 for a meal you have to eat out of a cardboard container,” one Minneapolis woman complained to deBanked.

Restaurant closures, meanwhile, are having devastating consequences across a broad swath of society. “When a restaurant closes or has to cut back, it not only impacts the economy of the local community, it also affects the culture of the community,” says Sarah Crozier, communications director at Main Street Alliance, a 30,000-member, small-business advocacy group headquartered in Washington, D.C. “Local, independent places are where we create our



Through the end of November, 2020, 75% of the lost jobs were recovered but 2.1 million food-service jobs had still vaporized.

As more and more people prepare their own meals at home, the switch from dining-in to curbside and takeout services has met with limited success. For take-out people are more likely to order fast-food from Chick-fil-A or Pizza Hut and Domino’s rather than

memories as cities and towns. From losing the cries of “Keep Austin Weird” to stripping away the innovative recipes coming out of Raleigh, N.C., it deeply scars the culture and feeling of a place when we have only chain restaurants to fall back on.”

Adds Sink: “Restaurants are the cornerstone of communities. You often find that neighborhoods and local economies have built up around a restaurant. Restaurants provide jobs, they pay rent and contribute to the tax base. Other businesses will grow up around them. People will go to a restaurant – and then they’ll go next-door to shop.”



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## “PEOPLE DON’T WANT TO GO DOWNTOWN TO MAIN STREET ANYMORE”

Food-service establishments are also long-term tenants. The “vast majority” of the closures, Sink asserts, have involved restaurants that had been in business for more than 16 years. Roughly one in six had been in operation for 30 years or more.

Village” promises, according to its website, a “buzzing, sports-themed district close to Busch Stadium with restaurants, bars and nightlife venues”; Baltimore’s Inner Harbor, which is walking distance to Oriole Park at Camden Yards, features a science center, aquarium and historic warships moored at the dock, as well as a complex of bars, eateries and music venues in a repurposed electric-power station known as “Power Plant Live!”

Beyond Main Street, restaurant closures are part of the collateral damage in suburbia as pandemic-wary people work and shop from home. “As I go around from town-to-town on Long Island and shoot out to the malls, I can see business closings everywhere,” says



Backlit downtown restaurants with inviting awnings, valet parking and limousines idling out front are giving way to boarded-up buildings, many battened down with battleship-gray steel shutters. “I’ve been talking to mayors about empty storefronts and the effects of business failures,” says Karen Mills, former administrator at the U.S. Small Business Administration and a senior fellow at Harvard Business School, says. “It’s significant. It devastates the whole community and brings down the whole environment. People don’t want to go downtown to Main Street anymore.”

Many cities and towns have invested heavily to revitalize their inner cities and urban areas around restaurants and bars to add sparkle to the nightlife and draw visitors and tourists. The economic development strategies often commingle trendy restaurants and nightclubs, shops and boutiques with spruced up warehouses or old buildings converted into artists’ studios, lofts and apartments.

Some cities feature sports arenas and stadiums as a major draw, and the food offerings go beyond hotdogs, peanuts and Cracker Jack. St. Louis’s “Ballpark

Ray Keating, chief economist at the Small Business & Entrepreneurship Council, a Washington-based trade group claiming 100,000 members. “When one business shutters, it affects other businesses. There’s a ripple effect.”

Adds Sink of the restaurant association: “Restaurants are often located with the anchor store inside malls. You never find any kind of mall without some sort of food court.”

When a restaurant closes its doors, it has a knock-on effect as well, sending shockwaves coursing up and down the supply chain. Prior to the pandemic, Sink reports, the industry generated \$2.5 trillion in economic activity and supported 21 million jobs. Cutbacks in food service hurts “everything from butchers and farmers and distillers to the Cisco and Aramark food companies that depend on restaurants.

“It will reach farther back into the economy,” she adds, causing economic pain to such disparate businesses as cleaning companies, local plumbers, handymen, and maintenance workers. Even “technology

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companies that provide systems (for restaurants) to run a credit card or make reservations or keep track of service orders” are affected.

## MAINE RESTAURANTS FORCED TO DO OUTDOOR DINING IN WINTER

Andrew Volk, owner of the Portland Hunt & Alpine Club, a restaurant and bar with the reputation for offering possibly the tastiest cocktails in Maine, says that keeping his business going hasn't been easy. The establishment was forced into lockdown in March and “stayed dark until Memorial Day,” he says, when it got the green light from the state to sell food and cocktails to go. On July 4, the restaurant went to outdoor seating, which it maintained until New Year's Eve, adding heaters and umbrellas in the autumn to fend off Maine's frigid temperatures.

Volk reckons that his restaurant's sales were off by roughly 55 percent in 2020 over the previous year. Fully 95% of revenues go to pay expenses, including rent and utilities and employees' wages. And the rest of the



money scarcely lands in the cash register before it's passed on to his vendors.

But as he has cut back operations, all of his vendors are feeling the pinch as well. There are no longer twice-weekly deliveries from the local package store from which, by state law, Volk is required to purchase hard liquor. His beer purchases — craft beer prepared by Rising Tide Brewery and Oxbow Brewery, both of Portland, as well as Miller, Budweiser and Narragansett, the popular Rhode Island-made brew — are no longer so robust. Volk has also reduced his procurement of French and South African wines from importers.

Purchases of farm-to-table produce from Stonecipher Farms, Dandelion Springs, and Snell Farms, which came to a halt last March, remain diminished. The daily deliveries from Baldor Specialty Foods, a New York-based food supplier of, among myriad foodstuffs, out-of-season vegetables and citrus fruit, are less frequent.

Volk is still offering fresh cooked fish for take-out, including cod, trout, halibut, hake and shrimp (but not cold-water Maine lobster). Even so, he's ordering less seafood from Browne Trading Market. He has also cut back on specialty soft cheeses he buys from several local dairy farms, including Larkin's Gorge and Fuzzy Udder.

Other vendors affected include Portland Paper Products, which supplies him with paper goods such as toilet paper and paper towels, cleaning supplies and chemicals for the dishwasher. One bright spot for the paper products supplier: it is meeting Volk's increased demand for take-out boxes, paper napkins and plastic utensils.

Meanwhile, Volk is not looking as much to Pratt Abbott Cleaners for freshly laundered linens such as tablecloths, napkins, and kitchen shirts. Capone Gridding Company in Boston, which sharpens kitchen knives and cutlery, isn't making as many pickups and deliveries these days.

Ian Jerolmack, owner-operator of 10-acre Stonecipher Farms in Bowdoinham, Maine, is one of Volk's food suppliers. He has been providing fresh, farm-to-table produce to several dozen restaurants in Portland, plus a couple “up the coast,” he says, since he began tilling the Maine soil a decade ago. Now the grower of organic fruit and vegetables — a garden of delights that includes tomatoes, carrots, beets, onions, cabbage, turnips, squash, sweet potatoes, and fennel — has been feeling



the economic hardship along with the restaurants.

By year-end 2020, Jerolmack says, he is down to only 15 restaurants as customers, a two-thirds attrition from his 45 customers prior to the pandemic. “Our farm was sort of unique in that it almost exclusively sold to restaurants,” he says. “They're all in various degrees of agony,” he adds, “and I don't know how the dust will settle. It's been super-bizarre.”



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## "I THREW TOGETHER A FARMER'S CHOICE..."

When the restaurants went into lockdown last March, Jerolmack was faced with zero demand for his produce, and his livelihood was in jeopardy. At the same time, he was forced to reckon how much seed to plant. "There's only one window in which to plant seeds," he explains.

He had to decide whether to take on fulltime seasonal workers, which is not a simple proposition. In order to plant, tend and harvest his crops, he'd need to hire and house four Mexican workers under the federal government's H-2A visa program. By law, he says, he was required to guarantee the foreign workers payment of 75% of their wages for eight months of employment. "I felt as if I were drowning," he says. "It was a heavy weight."

He opted to hire the H-2A workers and forged ahead with the planting, albeit at reduced acreage, consoling himself with the farmer's ancient adage: "People always need to eat."

With restaurants closed, his only recourse would be to sell directly to consumers. Yet Jerolmack had no online presence and was pretty much frozen out of the local farmers markets. So he turned to local restaurants and arranged to sell produce to their top customers. "I threw together a 'farmer's choice,'" he says, "a mixed bag of chard, carrots, onions, and beets – or whatever vegetables were in season and charged \$25 a bag."

Right away, he was able to sign up 175 customers paying \$100 apiece for four weeks of produce, enough of a cushion for him to sell his "storage crops" and stay in business. Individual customers were grateful to buy the fresh

organic food and avoid grocery stores, he says, the arrangement worked out for the restaurants. "They got increased foot traffic and helped their takeout business. Everybody loved it."

By being creatively entrepreneurial and employing several direct-to-consumer sales strategies, he was able to chalk up revenues of \$300,000 in 2020. That's a hefty, 35% drop compared with the \$440,000 in 2019 gross receipts. But Jerolmack says he kept five fulltime workers employed, he's got a new consumer trade, and he's getting ready for the 2021 planting season.

Thomas McQuillan, vice-president for strategy, culture and sustainability at wholesale food distributor Baldor, says that in a given year his Bronx-based company – with major operations centers in Boston and Washington, D.C. – delivers high-quality food to 10,000 restaurants from Portland, Me. to Richmond, Va. The wholesaler also supplies food in bulk to corporate dining rooms and cafeterias, hotels, institutions like hospitals and schools, and sports stadiums.





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Baldor buys its produce from 1,000 regional farms, both big and small, and trucks in out-of-season produce from the West Coast. A visit to the company's website discloses a vast cornucopia of edibles and victuals for sale. A few clicks discloses a gastronomic wonderland of fruits and vegetables, organics and cold cuts, meat and poultry and seafood, specialty and grocery items, dairy and cheese, bakery and pastry, and wine.

When the pandemic hit and restaurants went on lockdown, Baldor's business plummeted by 85%, McQuillan reports, and the company reacted in much the same way as the Maine farmer. "With Covid-19," says McQuillan, "all industries in the food business were affected. But we knew that the same number of people in our geographic area would be looking for food and we pivoted to a business-to-consumer platform and began shipping directly to people at home.

"We also knew many corporate types were no longer working in offices and, early on in the pandemic, people were fearful of going to grocery stores," he adds, "and we began deliveries to apartment buildings all over New York. It's not that different from delivering to a restaurant."

According to a New York Times story, the company required a \$250 minimum for consumer purchases and delivered 6,000 items within a 50-mile radius of New York City. McQuillan told deBanked it pressed its 400-truck fleet of "sprinter vans to tractor trailers" into service for the residential deliveries. The consumer business and limited restaurant re-openings allowed Baldor "to rebound, but nowhere near pre-Covid levels," he says. By year-end 2020, the company had furloughed 20% of its workforce.

Fresh fish is for sale on the fishmonger, outdoor

seafood market. The seafood industry was among the hardest hit by the pandemic's throttling back the restaurant industry, says Ben Martens, executive director of the Maine Coast Fishermen's Association. Seafood is much less likely than poultry or meat to be prepared at home or ordered for takeout. Groundfish like flaky cod, haddock, pollack, hake and flounder, he explains, are especially popular dishes in high-end restaurants in New York, Boston and Chicago.

"Seafood is a celebratory food," Martens says. "It's a food people embrace when things feel good. It's covered in butter and people eat it outside when they're with family and friends."

Early data, he says, showed a 70% decline in "landings revenue" at the non-profit Portland Fish Exchange Auction, the major marketplace connecting fishermen with wholesalers and processors. Some fishermen and lobstermen have had some success selling directly to consumers by switching over to scallops and other seafood popular with Mainers who, Martens asserts, are somewhat more inclined to prepare seafood at home than people in other states.

But what has really given the industry a boost, he says, has been an anti-hunger program run by his trade association. Seeded with \$200,000 from an anonymous donor, and bolstered with \$200,000 received through the CARES Act passed by Congress last year, the program purchases seafood at a fair price and funnels it to food pantries. "Maine is the most food-insecure state in the country," Martens says. "and high quality protein is hard for a lot of people to find."

The program contributed enough fish portions to contribute to 180,000 meals in 2020, while helping soften economic damage to fishermen. "Now we're seeing some stabilization with outside restaurant seating," Martens says.

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## “A LOT OF OUR RELATIONSHIPS ARE WITH CHEFS AND THEY HAVE FAMILIES”

Sam Cantor, who is vice-president for sales at Gotham Seafood, a New York broker doing an estimated \$16 million in sales, according to Buzzfile, sounded glum and subdued in a telephone interview with deBanked. He reports that the company delivers salmon, tuna, lobster, King Crab legs, red snapper and other seafood directly to eateries in Manhattan as well as the tri-state region of New York, Connecticut and New Jersey.

The last year has been a burden. “A ton of places are closed — cafeterias, cafes, hotels,” he says. “People are not going to the Berkshires or the Hamptons, offices are closing. In the beginning of the pandemic when (New York Governor Andrew) Cuomo shut down indoor dining it was brutal. And it’s still a difficult situation.”

Describing layoffs at the company as “significant,” Cantor says it’s also been emotionally draining to see the misfortune that has befallen restaurant workers. “It’s been a hard thing to witness,” he says. “A lot of our relationships are with chefs and they have families.”

Gotham has had some success selling directly to consumers by revamping its website and putting money into advertising on the online platforms Facebook and Instagram, he says, but “we’re not back to 100%.”

Cantor also says he is concerned that the country’s commercial infrastructure is at risk of fracturing. “It’s more than just losing your favorite restaurant or what happens to the individual fisherman and farmer,” he says. “It takes a very intricate supply chain for you to get your favorite fish. There’s a lot of work that goes into it.

“I hope my kids don’t have through something like this,” he went on. “The home delivery has been a shining light. But we want travel and tourism to come back. We want people going back to The Garden to watch the Knicks. I’m hoping there will be a renaissance, and this is just the start of the Roaring Twenties.”





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# IN LOVING MEMORY OF ELLIOT J DABAH

By DEBANKED STAFF

Elliot J Dabah, CEO of NYC-based Merchants Cash Partners, LLC, recently passed away. Known throughout the merchant financing industry, friends and colleagues began collecting kind words to reflect on his life to be able to share them here.

Elliot Ashkenazie, his business partner and best friend, said “Elliot Dabah would step up and help anyone in need whether that be his own employee, another ISO, or a complete stranger on the street. He didn’t keep any secrets so he would have an advantage over others, he simply paid it forward and helped the community as a whole benefit from it. Merchants Cash Partners will work tirelessly to carry on his legacy and his values.”

“Elliot Dabah was the heartbeat of the Financial District and he was an integrated part of my life, both professional and personal,” said Gigi Russo. “Not only did Elliot and I live three blocks from each other, but I first had the privilege and pleasure of meeting him while I was working for deBanked, at CONNECT San Diego. We quickly became close friends. He truly never took advantage of our tight knit friendship. His professional support was a reflection of his character—a respectable person that respected his family, friends and business associates. Elliot wanted everyone to succeed. He believed that friends and business colleagues should support one another to build a viable network.”

Tom Dool of Power Funding, said “Of all of the offices I’ve ever visited, I can honestly say that no other

partner of mine compares to Merchants Cash Partners. From the moment I met both Elliots, they were inviting. I could tell right away that they had a special bond of shared enthusiasm, honesty, generosity, thoughtful, caring people.” He adds, “Elliot [Dabah] lived life with such a genuine love for people and getting to know people, discussing higher level ideas, sharing feelings. He was one of the best and I’ll never forget him.”

“Elliot was one of the most welcoming people I had the pleasure of knowing,” says Colt Kucker of Libertas Funding, “and always tried helping out whether it be a customer, myself, or anybody in need. He was a hard worker and will truly be missed by all he came across.”

Justin Friedman of Enova SMB, described Dabah, “Smart, strategic, urgent, generous and wise are a few words to describe Elliot. He was universally popular and a known professional in our industry, which isn’t

common to come by. He cared about his customers and business relationships. Elliot’s presence in alternative lending was a positive one and he will be remembered for exactly that.”

Ben Lugassy of SOS Capital states that he was “Always smiling and enthusiastic, Elliot was the embodiment of joyful. A friend with tremendous respect and gratitude, he will always be remembered and in our prayers.”

Paul Boxer of Velocity Capital Group added, “Every-time I met Elliot he had the largest smile, always happy to talk shop and discuss the industry. He was very knowledgeable and had a wealth of information, he will surely be missed.”

Ken Peng of Elevate Funding recounts that Elliot, “was always great to work with. He was always very friendly and understanding when we did review any of his files. He will be missed.”

Gigi Russo, who was instrumental in putting this tribute together, further added that Elliot “treated everyone he came into contact with as a friend.” He has “a sincere,



Elliot Dabah & Elliot Ashkenazie



Elliot Dabah and his Father Jack



Elliot Dabah and Gigi Russo

dignified, and affable reputation that will follow him after his passing. He will surely be remembered for supporting his colleagues, clients, business acquaintances, and network. The legacy Elliot has left behind is simple: Respect one another. Support one another. Honesty and hard work are necessities of success.”

Part of Elliot’s legacy is the company he built. Merchants Cash Partners, despite the pandemic, was so successful this year that it outgrew its office space.

“Elliot had a revolutionary style of making this industry a community,” says his partner Ashkenazie. “He referred clients and prospects alike to small firms and national firms, expecting nothing in return.”

Coincidence would have it that a photo of Elliot at a deBanked event was often used in event marketing promotions. As to how that picture came to be used so prominently, deBanked President Sean Murray said that “Elliot embodied the community we were trying to portray. A nice young business professional who radiated positive energy. *Who is part of this industry?* It’s guys like Elliot. That’s what we wanted everyone to know.

“Elliot totally noticed how often we were sharing his photo,” Murray said. “He told me that he thought that was pretty cool.”





# BROKER IN EARLY TWENTIES BUILDS MCA BUSINESS IN LESS THAN THREE YEARS

By KEVIN TRAVERS

**D**avron Karimov, a 22-year-old MCA broker, went from \$10k in debt to collecting \$200k a year in commissions. It took less than three years, and Karimov shared his journey on his personal, sometimes chaotic, yet always informative YouTube channel.

The Staten Island native said he first started at a Long Island City shop and quickly made some early deals, eventually leaving to start his own firm, FunderHunt, and recently opened an office in Miami.

But do the YouTube videos help him make deals? Of course they do, Karimov says, and he not only gets deals through his video platform but he also get questions from other MCA brokers who reach out for help.

"Of course, we get people all the time calling in, people that have questions, people in the industry need help with their merchants," Karimov says. "I started around 2018, and there was no info on YouTube about business funding, a huge void online. I stepped up and thought I could be the one to supply info."

Nearly three years later, Karimov has built an expanding business while helping others through the struggles of being a broker and CEO in the MCA world. In the last year alone, the pandemic caused applications to explode, Karimov says.

"It's been better than ever; I've never seen so many applications in March and April; they were just soaring," Karimov says. "And then I've never seen so many applications get denied because of the industry at the time everything was shutting down."

It was a time to capitalize if your shop was strong enough to survive what Karimov called the "dark ages" for MCA. If you survived, you get to reap the reward of a capital-deprived market, he says.

"The whole crisis took out so many funders that were just not good, they probably were supposed to go out of business a long time ago, but this accelerated it," Karimov says. "It took out all the bad funders and replaced them with people that are solid, fast, and have everyone's best interest at heart, from the merchant to whoever the ISO is."

According to Karimov, 2020 solidified who is a real player in the game. Launching a new office himself, Davron says he enjoys sunny days in Miami while it is twenty degrees in-between blizzards in New York. Though snow wasn't the reason he moved, but instead the funding environment.

"Everyone has been warm and welcoming [in Miami], the government knows what this is, and that's what we do. We try to educate them: not a lot of people know here about this; it's like it's a secret," Karimov says. "If you go to New York, it's like everybody knows, there are so many shops there. But here, it's kind of rare to see someone that knows what a cash advance is."

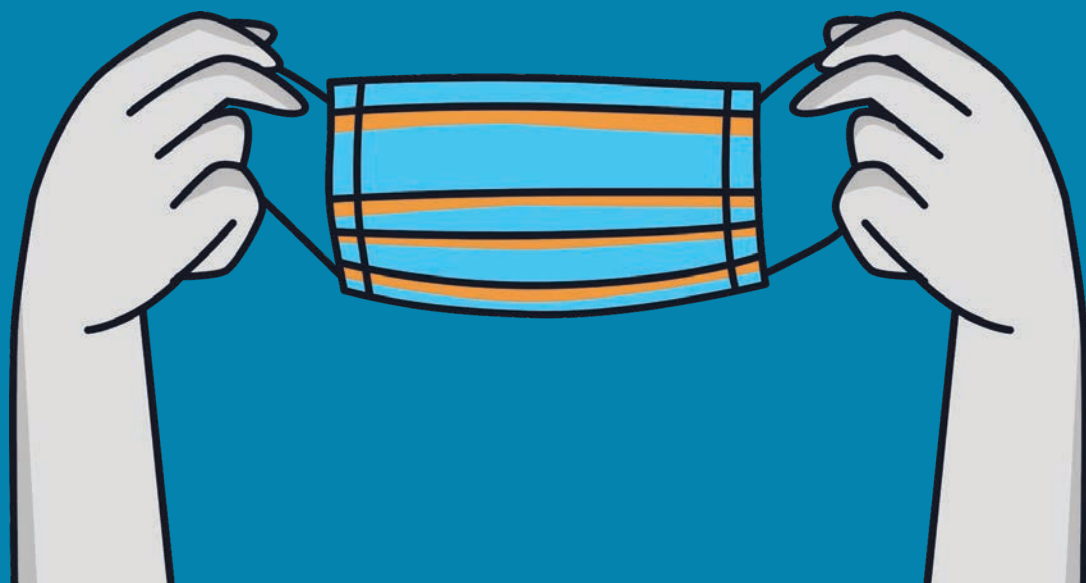
Compared to New York's increasingly restrictive funding ecosystem, the Florida space is open to growth. That's exactly the environment Karimov hopes to profit from, expanding his business in any way that will be geared toward helping businesses.

"I'm not a huge fan of diversification," Karimov says. "I like doing one thing. But we opened up an office in Miami; we're bringing experienced people in and trying to fund deals as fast as possible. We're maybe looking to develop into offering a debit card, whatever is in the business's best interest."



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# INDUSTRY NEWS

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## 2021 Started With a Bang

### MERCHANT CASH ADVANCES

- Not Usury - On January 6th the Third District Court of Appeal decided *Craton Entertainment, LLC, et al., v Merchant Capital Group, LLC, et al.* and held that the merchant cash advance at issue was not indicative of a loan and is excluded from the usury statute.

Read full: <http://dbnk.news/2J>

- Maryland –The Maryland State Senate introduced a bill that would essentially prohibit merchant cash advance transactions in the state.

Read more: <http://dbnk.news/2K>

### MERGERS

- ODX, an OnDeck subsidiary was sold by Enova to Fundation, resulting in a newly created company called Linear Financial Technologies. Enova will retain a small stake in the new entity.

Read more: <http://dbnk.news/2L>

- LoanMe and LibertyTax were acquired by a SPAC and were rebranded as NextPoint Financial.

Read more: <http://dbnk.news/2N>

### GOING PUBLIC

- Affirm went public at a \$11.9B valuation.
- Coinbase filed for an IPO.
- OppFi was acquired by a SPAC.

### REGULATION

- Marijuana was legalized in New Jersey. See: <http://dbnk.news/2M>
- The United States Supreme Court heard oral arguments on the question whether or not the FTC has the authority to force defendants to disgorge with “illegally obtained funds” when a lawsuit is brought under Section 13(b).

Read more: <http://dbnk.news/2O>



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