

More entrepreneurs use the Web to attract lenders and investors

BY [Phyllis Furman](#)
DAILY NEWS BUSINESS WRITER

Monday, December 14th 2009, 4:00 AM



Lombard for NewsFitness biz owner Chris Daly landed a small loan and met investors on lending network Prosper.com.

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[Chris Daly](#), co-owner of a business that operates two fitness studios in [Manhattan](#), wanted to devote more money for promotion, but he was tapped out. He

didn't want to borrow more on his credit cards and banks turned down his loan requests.

Countless small businesses face a similar struggle - worthy opportunities missed for lack of funding, even relatively small sums.

But Daly found a solution: An online network that matches borrowers and individual lenders in an auction marketplace like [eBay](#).

Within weeks a few months ago, he secured \$2,500 at 12.5% interest from a person he has yet to meet. Daly, who paid a \$75 transaction fee to the online network, [Prosper.com](#), is now in talks with other prospective investors who spotted his listing on the site and are considering making a larger investment in his business, Kinespirit.

"This first loan is a stepping stone," Daly said. "By using Prosper, we were able to cast a wider net."

With bank loans scarce, credit card limits being cut and family and friends less likely to risk money on loved ones' business ideas, many [New York](#) entrepreneurs are scouring for new ways to raise cash.

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Lending networks like Prosper.com, [LendingClub.com](#) and Kiva.org specialize in helping small business owners with loans under \$25,000.

Other sites, such as [RaiseCapital.com](#), [GoBigNetwork.com](#) and [Go4Funding.com](#), provide a platform for entrepreneurs to seek investments. Entrepreneurs post their business plans, pictures, videos and financing goals, and hope an investor will respond.

"If you are not connected, you have nowhere to go," said [Robert Bertsch](#), president of [Port Washington](#), L.I.-based RaiseCapital. "We want to give Main Street access to capital."

RaiseCapital, which used to be free but recently started charging a \$99 one-time fee, patterns itself after dating sites like [Match.com](#).

Once a business owner puts up a post, registered investors on the site can contact him directly using the RaiseCapital platform. The company targets startups and small businesses trying to raise more than \$25,000. It lists 4,707 ventures and 5,771 registered investors.

While growing in popularity, sites like RaiseCapital are hardly an easy route to cash.

Only 9% of all investment opportunities brought to the attention of investors get funded, said [Jeffrey Sohl](#), director of the [Center for Venture Research at the University of New Hampshire](#).

Some business owners complained that their online listings have attracted scammers or other businesses looking to sell them products and services or high-interest loans.

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