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November 17, 2011

Mr. Gerald Rome  
Deputy Securities Commissioner  
Colorado Division of Securities  
1560 Broadway, Suite 900  
Denver, CO 80202

Re: Microcredit Enterprises ("MCE")  
Global Poverty Alleviation Notes (the "Notes")

Dear Mr. Rome:

MCE hereby requests an interpretive opinion confirming the availability of the non-profit securities registration exemption pursuant to (i) Section 11-51-307(1)(g) of the Colorado Securities Act ("Section 307(1)(g)") or (ii) Sections 51-31.4 or 51-3.15 of the Rules of the Colorado Division of Securities ("Rule 3.14" and "Rule 3.15" respectively) for MCE's offer and sale of its Notes, which are unsecured senior debt obligations.

If the staff of the Division of Securities (the "Staff") is unable to determine that an exemption applies, MCE requests the issuance of a discretionary securities registration exemption pursuant to Section 11-51-309 of the Colorado Securities Act. In the alternative, MCE requests the Staff issue a no-action position relative to these issues.

Enclosed please find the following documents:

- The current offering document used by MCE, which contains the material terms of the offering (the "Prospectus")
- Articles of Incorporation, as amended
- Bylaws, as amended
- Internal Revenue Service Tax Exemption Determination Letter, dated as of September 19, 2006
- Check for \$100 to the Colorado State Treasurer in payment of the processing fee for this request

#### **DESCRIPTION OF MCE**

MCE, a 501(c)(3) non-profit public benefit corporation organized under the laws of California with headquarters in San Francisco, California, was founded in 2005 for the socially responsible purpose of providing financial credit and other services to facilitate the provision of microfinance globally. By making loans to microfinance institutions ("MFIs") globally, MCE seeks to expand the provision of financial services to poor entrepreneurs globally.

MCE's specific objectives and purposes are as follows:

- to reduce poverty by mobilizing private investment capital to finance microbusinesses of poor families in developing countries;
- to improve human lives throughout the developing world by facilitating financing to produce jobs and sustain microbusinesses; and
- to undertake any incident or ancillary activities to further these general purposes, as determined by the board of direct.

MCE offers an innovative means to leverage private capital to provide microbusiness loans to very poor entrepreneurs globally. MCE is particularly interested in providing capital to MFIs that focus on sustainable economic development for families living in extreme poverty (families surviving on \$2.00 per person per day or less). Many of the MFIs to which MCE makes loans provide microloans largely to poor women for the purposes of helping them to establish or expand home-based businesses. The principal amounts of these microloans can be as low as \$50.00 per borrower.

MCE began its lending activities in January 2006. As of September 30, 2011, MCE has issued or approved approximately \$41 million in loans to 44 MFIs in 22 countries in Eastern Europe and Central Asia, Latin America and the Caribbean, East Asia and the Pacific Rim and sub-Saharan Africa. In more than five years of microfinance lending, MCE has experienced one partial loan default from an MFI totaling approximately \$330,000, and it has never defaulted on principal or interest payments to its noteholders. As of September 30, 2011, MCE had received approximately \$23 million in principal repayments and \$6 million in interest and loan points payments. MCE's loan points are usually 1% of the loan taken from the loan amount at the time of issuance.

#### **DESCRIPTION OF NOTES**

The Notes are unsecured senior obligations of MCE. The Notes are being issued at the same level of seniority as MCE's existing and future unsecured senior debt obligations. The total aggregate offering is \$10,000,000 with a minimum investment requirement of \$20. For a further description of the Notes to be offered, please refer to "Description of the Notes" on page 36 of the Prospectus attached hereto as Exhibit A.

#### **SECURITIES REGISTRATION EXEMPTION**

MCE seeks a confirmation of the availability of at least one of the following three different provisions: 307(1)(g), Rule 3.14 or Rule 3.15. If no such exemption is available, MCE seeks a discretionary securities registration exemption based on the below information. In the alternative, MCE requests a no-action position with respect to MCE's compliance with certain provisions of Section 307(1)(g), Rule 3.14 or Rule 3.15. With respect to the below discussion, MCE is organized and operated not for private profit, but exclusively for charitable purposes.

#### **SECTION 307(1)(g)**

MCE is a public benefit corporation and tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. As a result, the Notes are exempt from federal securities registration under Section 3(a)(4) of the Securities Act of 1933, as amended and Section 3(c)(10) of the Investment Company Act of 1940, as amended. However, this offering will not be limited to MCE's

constituents or members. Any person with a U.S. bank account or a PayPal account, and a U.S. social security number or other tax identification number, can invest in the Notes.

No direct or indirect commission or remuneration will be paid in connection with the offer or sale of the Notes except to a licensed-broker-dealer. The Notes are being sold through MicroPlace, Inc., a member of FINRA and an SEC-registered broker-dealer ("MicroPlace"). MicroPlace does not and will not hold customer funds or securities. MCE will pay MicroPlace a fee of 1% per annum of the outstanding principal amount of any Notes raised through the MicroPlace website ([www.microplace.com](http://www.microplace.com)), as compensation for administration, customer support and online distribution services. Certain of MCE's officers and directors have been authorized to disseminate information about MCE and the Notes in jurisdictions where such dissemination does not require registration as an agent or as an affiliated person of the issuer.

### **RULE 3.14**

MCE seeks to confirm the availability of Rule 3.14 for the offer and sale of its Notes. However, MCE acknowledges that it likely is not in compliance with the stated requirements in Rule 3.14(B) and (C). Thus, alternatively, MCE requests the Staff take a no-action position regarding MCE's compliance with Rule 3.14(B) and (C).

### **RULE 3.14(A)**

During the current fiscal year (2011) and the three previous fiscal years (2010, 2009, and 2008), MCE has never defaulted on principal or interest payments to its noteholders on any security or debt issued by MCE with a fixed maturity or a fixed interest provision.

### **RULE 3.14(B)**

Since MCE is a non-profit and exists solely to issue loans, its debt service is significantly greater than its gross revenues. MCE's total debt service, after completion of this offering, exceeds 35% of its gross revenues for the previous fiscal year. The total revenue and support as of December 31, 2010 was \$2,342,748. The total debt service as of December 31, 2010 was \$15,011,532. Even without including the current offering, MCE's debt service far exceeds the 35% of its gross revenues.

### **RULE 3.14(C)**

MCE's debt is not secured by real estate or other properties. No guarantee is provided by any party with respect to MCE's obligations to noteholders under the Notes. However, MCE may call on its philanthropic guarantees if there is a default on the loans that MCE intends to make to MFIs with the proceeds from the sale of the Notes. The obligations owed to MCE by MFIs and microfinance networks for money borrowed are guaranteed by a pool of individual and institutional guarantors that have entered into certain philanthropic guarantee agreements with MCE (collectively the "Philanthropic Guarantee Agreements"). As of September 30, 2011, MCE had entered into Philanthropic Guarantee Agreements with sixty guarantors who have provided MCE with approximately \$65 million in guarantees. Noteholders (and certain of MCE's other creditors) are intended to be third-party beneficiaries of the Philanthropic Guarantee Agreements. Some philanthropic guarantors have also entered into separate guarantee agreements directly with one or more of MCE's creditors. No direct guarantee will be entered into in connection with the Notes issued pursuant to this offering. Thus, although MCE may call on its philanthropic guarantees if there is a default on the loans that MCE intends to make to MFIs with the proceeds from the sale of the Notes, the philanthropic guarantees are not guaranteeing MCE's obligations under the Notes

For more information, see "Guarantee Agreements" on page 28 of the Prospectus attached hereto as Exhibit A.

### **RULE 3.15**

MCE seeks to confirm the availability of Rule 3.15 for the offer and sale of its Notes. Alternatively, for those provisions of Rule 3.15 MCE is not in compliance with, MCE requests the Staff take a no-action position.

#### **RULE 3.15(A)**

Though MCE is not a religious organization and is not affiliated with any specific religious denomination, it is organized and operated exclusively for charitable purposes.

#### **RULE 3.15(B)**

MCE is an organization that qualifies and operates under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

#### **RULE 3.15(C)**

MCE has been in existence for six years, which fails to meet the ten year requirement in Rule 3.15(C). However, MCE was established with the support of Freedom From Hunger, a non-profit international development organization founded in 1946; and MCE benefits from the expertise and experience of a seasoned Board and Management team.

For more information, see "Director Biographies" and "Senior Management Biographies" on pages 32 and 33, respectively, of the Prospectus attached hereto as Exhibit A.

MCE has received audited financial statements with an unqualified opinion from a certified public accountant for the last three fiscal years (2008, 2009, and 2010).

As discussed above, MCE has never defaulted on principal or interest payments to its noteholders.

#### **RULE 3.15(D)**

The ratio of MCE's cash, cash equivalents and readily marketable assets to principal balance of its outstanding debt obligations as of December 31, 2010 was 21.32%; as of December 31, 2009 was 26.57%; and as of December 31, 2008 was 14.66%. In calculating the ratios for each fiscal year, the cash, cash equivalents and readily marketable assets includes MCE's cash and cash equivalents. The principal balance of MCE's outstanding debt obligations includes both current and long term lines of credit and notes payable.

The ratio of MCE's net worth to its total assets as of December 31, 2010 was 12.00%; as of December 31, 2009 was 7.48%; and as of December 31, 2008 was 5.69%.

**RULE 3.15(E)**

Prior to the issuance of any Notes, MCE will provide an investor with the Prospectus, which contains financial and other information as well as the risks involved in the investment. Please see Exhibit A for more information regarding the contents of the disclosure document.

**RULE 3.15(F)**

As explained above, MCE is not a religious organization. However, all loans disbursed by MCE are made with a purely charitable intent.

**RULE 3.15(G)**

MCE's net worth as of December 31, 2010 was \$2,046,810. Since MCE is a non-profit which exists solely to make loans to impoverished people globally, it does not hold or own substantial assets of its own.

Few, if any, of MCE's loans are secured by real property or by readily marketable securities. However, as discussed above, there are Philanthropic Guarantee Agreements that, although do not guarantee the Notes, do provide a degree of security. Additionally, for certain loans only, there are direct guarantees.

For more information, see "Guarantee Agreements" on page 28 of the Prospectus attached hereto as Exhibit A.

**PRIOR OFFERING IN COLORADO**

On January 29, 2009, MCE submitted a request to the Colorado Division of Securities seeking a discretionary exemption from the securities registration requirement under Rule 3.15. In this prior debt offering, MCE was also issuing senior unsecured debt notes. In a letter dated March 25, 2009 (the "No-Action Letter"), the Staff stated it was unable to confirm the availability of the exemption from securities registration under Section 307(1)(g). However, the letter did state that should MCE issue the senior unsecured debt notes without registering, the Staff would not recommend formal enforcement proceedings be initiated against MCE for a securities violation. The current offering is substantially similar to the previous offering. As such, if no exemption is deemed available, MCE requests that the Staff issue a no-action letter in which the Staff articulates a position similar to the position taken in the No-Action Letter.

MCE believes it qualifies for either the statutory exemption or a discretionary exemption. In the alternative, MCE requests that a no-action position be taken with respect to MCE's compliance with certain provisions of Section 307(1)(g), Rule 3.14 or Rule 3.15.

Should you have any questions or require further materials to complete this request, please contact me at (415) 230-4330, ext. 100.

Very truly yours,

  
Kyle R. Salyer  
Executive Vice President, Finance and Operations

January 9, 2012

VIA FEDERAL EXPRESS

Mr. Gerald Rome  
Deputy Securities Commissioner  
Colorado Division of Securities  
1560 Broadway, Suite 900  
Denver, CO 80202

JAN 11 2012

**Re: Sale of Global Poverty Alleviation Notes by MicroCredit Enterprises  
CO FILE NO.: A-012-002**

Dear Mr. Rome:

We are responding to comments received from the staff of the Division of Securities (the "Staff") of the Colorado Department of Regulatory Agencies by letter dated December 19, 2011 regarding MicroCredit Enterprises' ("MCE") request for an exemption from registration pursuant to either Division Rule 51-3.14 or 3.15, promulgated pursuant to Section 11-51-307(1)(g) of the Colorado Securities Act. For your convenience, our response is prefaced by the Staff's corresponding comment in italicized text.

***1. ¶ We would request that you provide us additional information as to how you propose to use the proceeds.***

In response to the Staff's comment, we have revised the "Use of Proceeds" section of the Prospectus as follows:

Proceeds from the sale of the notes will be used to further our mission of providing capital to MFIs to finance microbusinesses globally, spurring sustainable community development. Specifically, we will lend the proceeds from the sale of the notes to MFIs operating in developing countries and to microfinance networks located in the United States that then make loans to affiliated and unaffiliated MFIs throughout the world. These loans will be unsecured and will be on competitive terms. Generally, although not in every case, the unsecured loans to MFIs have a tenor of 36 months and carry interest rates between 6.5% and 10%. Typically, but not in all cases, the principal repayments are amortized across the second half of the loan term and interest payments are paid quarterly from the date of disbursement. Most of our loans are U.S. Dollar denominated, although we also provide loans in local currencies, backed by a currency hedge. The MFIs that we lend to typically issue unsecured local currency-denominated microloans to impoverished entrepreneurs.

The MFIs use the principal and interest received under such microloans to meet their obligations to us and their other creditors, as well as to cover their operating overhead. The principal repayments that MCE receives from MFIs will be used to repay purchasers of the notes and our other creditors. Interest payments that MCE receives will be used to pay purchasers of the notes and our other creditors, as well as to cover our operating overhead, which includes a 1% fee to MicroPlace calculated over the value of the notes sold through their platform.

Proceeds from the sale of the notes will not be used to pay sales commissions, existing debt, or any of our other expenses. MCE will not direct the proceeds of the Notes to embargoed countries, as publicly designated by the U.S. government, or to individuals or entities identified by the U.S. government as being involved in terrorism, international narcotics trafficking, proliferation of weapons of mass destruction or various other restricted activities.

We additionally inform the Staff that MCE's mission is to reduce poverty in the developing world by using microfinance to assist in providing self-help opportunities for extremely poor families with the goal of avoiding long-term dependency on traditional aid or charity. The proceeds from this offering will be used to further this mission.

Thank you for all your assistance to MCE on these matters. Should you have any questions or require any further materials, please contact me at (415) 230-4330, ext. 100.

Sincerely,



Kyle R. Salyer

Executive Vice President, Finance and Operations