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# Investing in a Cooperative Economy:

*How to put our co-op principals to work*

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# The Opportunity

- Many cooperators would like to invest funds in their local cooperative economy
  - Many new and developing co-ops report a need for flexible, patient capital
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# The Impediment

- Co-op investment offerings are governed by state/federal securities laws which do not easily allow for local investment
  - There is not any efficient way to find out about opportunities
  - There is no existing platform for evaluating opportunities and comparing their risks
  - Even for wealthy “accredited investors” there are many roadblocks – the industry favors a Wall Street only “market” approach
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# The New Idea – what about Investment Clubs?

- An **investment club** is “a group of less than 100 individuals who meet for the purpose of pooling money and investing; members typically meet on a periodic basis to make investment decisions as a group through a voting process and recording of minutes, or gather information and perform investment transactions outside the group”
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# A good fit for co-ops . .

- The first one started in Texas in 1898 – have a populist, risk-sharing history
  - Targeted at small investors, regular folks
  - Clubs are already democratic – members vote on investment opportunities and portfolios are shared
  - Clubs are also devoted to self-help and self-education on financial matters
  - They are community-based, centered on gatherings of like-minded people
  - Have a clear legal standing regarding securities laws
  - Historically have focused on the stock market, but don't need to be
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INVESTMENT CLUBS FOR THE 99%  
100% DEDICATED TO CO-OPS

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## How it works . . .

- Cooperative Principal, a democratically-managed nonprofit (pending 501c(3) approval) is the “mothership” – provides standard organizing documents, educational materials, and does the bookkeeping for all
  - CP Central also provides standard underwriting of all investment opportunities – not recommendations, but a standard risk and social impact analysis to make it easy to compare opportunities
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## How it works . .

- Clubs are organized locally, either as stand-alone clubs or as part of an existing group
  - All clubs agree to CP principals in order to use the name, logo, materials etc.
  - Clubs decide when or where to meet, and how much to invest per month
  - Members donate \$99 to support the CP movement
  - Each club can decide their focus and risk profile
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# Important information for members

- Decisions are made democratically
  - All investors own a proportionate share of a common portfolio, so new members need to understand existing portfolio
  - Investments are pretty illiquid – have to wait for stock redemption etc.
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# Individual clubs and CP Central

- CP can assist with start-up of club (filings, documentations, institutional sponsors, etc.)
  - CP takes requests from clubs about which opportunities to underwrite (must be recommended by a club)
  - CP looks at both equity and debt (preferred stock or member loans), all co-op sectors but only co-ops
  - Clubs commit to a minimum amount per member, per month
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## Where we are now . . .

- CP 001 has 14 (soon 17) members and has made investments in five co-ops; \$8,500 invested; \$10,000 fund
  - Each member invests \$50 per month
  - Have basic organizing documents done so new clubs can easily be established (LLCs are best practice)
  - Focus on Minnesota, but exploring other states – to build national movement
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# Our Portfolio . . .



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# Where we are going . . .

- Are currently setting up a way to make interstate investments through loans between clubs
  - Aim to attract at least 50 - 100 new investors annually, 5 – 10 new clubs
  - Keep having fun . . .
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# What we need to get there . . .

- Need club leaders willing to work with us on a “beta” level – not everything is figured out yet
  - Need lots of members willing to attend a few meetings and commit to monthly investments
  - Need to raise a little more money for start-up
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***Contact us at: [info@thecp.coop](mailto:info@thecp.coop)***



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INVESTMENT CLUB

