

New York City Launches Investment Fund for Tech Start-Ups.

By Joseph De Avila, Wall Street Journal

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New York is getting into the start-up business.

Mayor Michael Bloomberg announced on Tuesday the launch of a city-sponsored early-stage investment fund at a technology conference in Manhattan. The new fund aims to lure tech entrepreneurs to the city by providing so-called seed investments to promising new companies.

"The fund really is going to play a big role in encouraging information tech firms to move to our city," Mr. Bloomberg said. "We want people to get jobs. We aren't trying to give handouts."

The NYC Entrepreneurial Fund will be managed by venture-capital firm FirstMark Capital, which will invest up to \$19 million in New York-based start-ups. The New York City Economic Development Corp. contributed \$3 million to the fund.

FirstMark will pick which companies to invest in, and the city along with FirstMark will take equity stakes in the companies. The fund will make seed investments ranging from about \$250,000 to \$1 million, said Lawrence Lenihan, FirstMark chief executive and managing director.

The NYC Entrepreneurial Fund made its first investment for \$300,000 in MyCityWay, a company that makes iPhone and iPad apps to find information about restaurants, shopping and concerts. MyCityWay was founded in New Jersey, but the company recently moved to Chelsea.

"The city needs to do a lot of other things to promote economic recovery, but this sounds like one of the things that it should be doing," said James Parrott, deputy director and chief economist at the Fiscal Policy Institute, an economic think tank.

This fund marks the Bloomberg administration's latest attempt to court entrepreneurs. The city recently opened five "incubators" for technology start-ups, fashion companies and designers of energy-efficient buildings. Last week, the city announced that a 486,000-square-foot biotech facility at the Brooklyn Army Terminal in Sunset Park, Brooklyn, will soon break ground.

The new fund is not the first time New York has tried investing in companies. During the 1990s, the Economic Development Corp. managed its own venture-capital firm. But that ended when Mr. Bloomberg came into office.

"We don't think the government is particularly good at picking winners and losers," said Seth Pinsky, president of the Economic Development Corp.