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Small Business

Former inmates carve their own path

With employers reluctant to hire them, some start their own businesses.

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Published: November 4, 2013 - 12:00 pm

For a long time, trouble just seemed to find Robert Lilly wherever he was. Growing up in Spanish Harlem, the son of a single mother, he attended a prestigious private school on scholarship for a few years until he was kicked out after being put on academic probation. Fearing for her son's safety at the tough high school in the neighborhood, his mother, who worked in hospital administration and as a technician in the telecom industry, sent him to stay with her sister-in-law in Teaneck, N.J.

But Mr. Lilly, now 33, found the school unchallenging. Bored and looking for something to do, he started selling marijuana, influenced by a relative who was a drug dealer. "At the time, it all just seemed to make sense to me," said Mr. Lilly.

In 1998, at the age of 18, he was arrested on a charge of burglary and sentenced to five years' probation. The next year, he was picked up for possession of a firearm, but again received probation. His grades were still pretty good, though, and, at his mother's urging, he attended an orientation weekend at Howard University, where, much to his surprise, he decided it was a school he wanted to attend.

To support himself—he attended college primarily through student loans—Mr. Lilly started a party-planning business on the side. And, through that experience, he got more heavily involved in the drug scene. Still, he graduated. But after his first year of law school at Howard, Mr. Lilly was arrested for drug possession with intent to distribute. He served about six months of a three-year sentence for violating the terms of his probation.

After Mr. Lilly was released, there was more trouble: He tried to get a job in marketing, which he'd studied in college. Inevitably, during an interview, he'd be asked about his record, and, though the interviewer was usually polite, Mr. Lilly would never get the job.

Eventually, Mr. Lilly moved back to New York, where, after a friend of the family gave him a job at a nonprofit, he applied to and was accepted into Defy Ventures, a rigorous entrepreneurship program for ex-offenders founded in 2010. Two years later, his company, Powerhouse Events and Catering, which has its kitchen in Harlem, has four employees, "under \$1 million in revenues," and is profitable. "Starting my own business has been the best path for me," he said.



Buck Ennis

Robert Lilly made a fresh start after serving time by launching a catering business.

HIGH UNEMPLOYMENT

Many formerly incarcerated inmates like Mr. Lilly have a tough time finding a job even under the best of circumstances. Now, in the current economy, the task is even harder. "It is likely that the unemployment rate for ex-offenders in New York City is at least twice as high as the overall unemployment rate in the metropolitan area," said Tina Maschi, an associate professor at Fordham University Graduate School of Social Service.

For many, the only legal alternative is to start their own business. Although statistics are hard to come by, many criminal-justice experts see an increase in entrepreneurship among ex-offenders. "You're almost forced to do something on your own," said Soffiyah Elijah, executive director of the Correctional Association of New York. What's more, a number of programs have recently sprung up aimed at helping former inmates become entrepreneurs, including some in New York City.

In 2010, Sheila Rule, for example, a longtime *New York Times* editor, founded Think Outside the Cell, a nonprofit aimed at helping current and former inmates become entrepreneurs and re-enter society; on Oct. 26, it held its first business-pitch competition for ex-offenders, at Lehman College.

Meanwhile, the Silicon Hill program, part of Workforce Opportunity Services, just launched an 11-week pilot program that trains 19- to 32-year-olds in West Harlem in mobile app development. It's aimed at both formerly incarcerated inmates and underprivileged, at-risk nonoffenders.

For some ex-offenders, of course, entrepreneurship is a natural choice. Take David Thigpen, 52. A drug dealer on and off, he was convicted of armed robbery in 1994—his third offense—and served 13 years. While he was in prison, he took a course in business "that really opened my eyes," he said. "I didn't realize what I used to do was really a form of entrepreneurship."

On a professor's suggestion, he started studying business and law in the prison library. Then, in 2000, according to Mr. Thigpen, a prison superintendent suggested he teach a class on small business. To that end, Mr. Thigpen wrote his own entrepreneurial workbook, now called *The American Gangster Guide to Being Your Own Boss: The Street Hustlers Edition*, and formed a company to publish it. In January, he's releasing a revised version, called *The Freedom Guide to Being Your Own Boss: The Lost and Found Lessons: Volume II*.

TECH WORLD BECKONS

When he was released, Mr. Thigpen couldn't find a job and, partly out of necessity, realized he would be wise to take his own medicine. In 2012, after graduating from Defy, he launched a crowdfunding campaign on the site StartSomeGood, raising \$7,500 to found corners2cornerstones, a Brooklyn-based company that teaches formerly incarcerated inmates about entrepreneurship. (He was up front about his record in the pitch.) Now he's about to launch a revamped website for formerly incarcerated and at-risk youth around the world.

Some former inmates get the idea for their businesses thanks to the jobs they find once they're released. Growing up in Cape Cod, Mass., Nick Lohr, 31, had sold marijuana in high school and then in college. Then, before he entered New England Law School, a friend persuaded him to deal one last time. He was arrested on his first day of class by an undercover police officer, served a three-year sentence, and was released in 2008.

He spent the next year on probation, living in Cape Cod. There, he taught himself the basics of programming and started a website called Citybeams, which he later turned into an app, with information about goings-on in Boston and New York.

Then, in 2009, he moved to New York City. Determined to become a legitimate entrepreneur, he got work as a waiter to support himself. With a bird's-eye view of the business, he noticed that many restaurant websites didn't seem to translate well when viewed on mobile phones. So Mr. Lohr, also a Defy graduate, came up with the idea of creating a platform that would help these sites look better on a small screen. Four months ago, he started a company, Foodcub, based in Queens, to market the product to restaurant owners.

For his part, Mr. Lilly, who now shares space in a commercial kitchen with a friend, has ambitious objectives for his venture. In three years, he plans to open a boutique hotel. "I think I can meet that goal," he said.



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