

[Letterhead of Sutherland Asbill & Brennan LLP]

August 13, 2015

**VIA EDGAR**

Ms. Mary A. Cole, Esq.  
Ms. Sheila Stout  
Division of Investment Management  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Newtek Business Services Corp.  
Registration Statement on Form N-2  
File Nos.: 814-01035; 333-204915

Dear Ms. Cole and Ms. Stout:

On behalf of Newtek Business Services Corp. (the “**Company**”), set forth below are the Company’s responses to the comments provided by the staff of the Division of Investment Management (the “**Staff**”) of the Securities and Exchange Commission (the “**Commission**”) to the Company in a letter dated July 10, 2015 with respect to the Company’s shelf registration statement on Form N-2 (File No. 333-204915), filed with the Commission on June 12, 2015, as amended (the “**Registration Statement**”), and the prospectus included therein (the “**Prospectus**”). The Staff’s comments are set forth below and are followed by the Company’s responses. Where revisions to the Prospectus are indicated in the Company’s responses, such revisions are set forth in the Prospectus included in Amendment No. 1 to the Registration Statement, filed concurrently herewith.

**General**

1. Whenever a comment is made with respect to disclosure in one location of the filing, it applies to similar disclosure found elsewhere.

**Response:** The Company acknowledges the Staff’s comment.

2. Certain items of disclosure were omitted from the registration statement. We may have comments on such items when they are included in a pre-effective amendment to the registration statement.

**Response:** The Company acknowledges the Staff’s comment.

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**Prospectus**

3. Common shareholders should have some basis to determine and understand the maximum dilution that might be imposed upon their shares as a result of the Company's future issuances of securities. Please add appropriate risk disclosure and provide an example (i.e., a table that provides dilution amounts for a common stock offering at different prices below NAV). Further, in places where you disclose that the Company may issue shares at a price below NAV with shareholder approval, add disclosure that makes it clear that shareholders have provided such approval.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment. The Company advises the Staff on a supplemental basis that under Section 63(2)(A) of the 1940 Act, the Company's approval to sell below NAV expired on June 24, 2015, the date of Company's last annual shareholder meeting. The Company respectfully refers the Staff to the table providing dilution amounts for common stock at different prices below NAV in the "Sales of Common Stock Below Net Asset Value" section within the Prospectus.

4. Page 33 states, "Typically, the debt in which we invest is not initially rated by any rating agency; however, we believe that if such investments were rated, they would be below investment grade." Please add disclosure that below investment grade securities are often referred to as Junk.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

5. Page 54 states, "We target our debt investments, which are principally made through our small business finance platform under the SBA 7(a) program, to produce a coupon rate of prime plus 2.75% which enables us to generate rapid sales of loans in the secondary market, producing gains with a yield on investment in excess of 30%." If true, please disclose that the "yield on investment" is determined before, and therefore do not take into account, the payment of all of the company's expenses.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

6. In your response letter, please describe the types of debt that the Company contemplates offering through this registration statement. Additionally, undertake to advise us in advance of any proposed debt offering pursuant to this registration statement and to provide for staff review the preliminary prospectus supplement relating to any debt offering by the Company. Further undertake to clear all staff comments prior to the commencement of any such debt offering whenever the preliminary prospectus supplement materially differs from the form of prospectus supplement included in this registration statement at the time of effectiveness. In this regard, please note that the prospectus supplement should, as applicable:
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(1) Disclose that none of the Company's indebtedness is currently subordinated to the debt securities. It should also disclose whether there is a current intention to issue indebtedness that expressly provides that it is subordinated to the debt securities.

(2) Disclose that the debt securities are "structurally subordinated" and are "effectively subordinated" to all existing and future indebtedness of the Company and other obligations of its subsidiaries, financing vehicles and similar facilities. The significance of the debt securities being structural subordinated and effectively subordinated should be explained in plain English, specifically highlighting how such subordination affects the rights and priorities of the holders of the debt securities. Also, disclose the approximate total dollar amount of all liabilities and obligations to which the debt securities being offered are structurally subordinated and effectively subordinated.

(3) Refrain from using the word "senior" in the title of any debt securities issued by the Company, or when describing/identifying their ranking, if the debt securities are not contractually senior in right of repayment to the other outstanding obligations of the Company. Even where the Company's debt securities are contractually senior in right of repayment to the other outstanding obligations of the Company, consider the appropriateness of referring to the debt securities as "senior" when they are also structurally subordinated to the obligations of the Company's subsidiaries, financing vehicles and similar facilities.

(4) Disclose that the debt securities will not be subject to any sinking fund and explain the significance thereof; for example, state that no amounts will be set aside for the express purpose of repayment of principal and any unpaid interest on the debt securities, and that repayment of the debt securities will depend upon the financial condition of the Company and its subsidiaries as they exist as of the maturity date of the debt securities.

**Response:** The Company respectfully refers the Staff to the "Description of Our Debt Securities" section of the Prospectus for a description of the types of debt securities that the Company may offer, issue, and sell pursuant to the Registration Statement. In addition, the Company has filed forms of prospectus supplements as exhibits to the Registration Statement for the Staff's review. The Company further undertakes to inform the Staff, and clear all Staff comments prior to the commencement of any such debt offering, whenever the preliminary prospectus supplement materially differs from the form of prospectus supplement for debt offerings included in the Registration Statement at the time of effectiveness.

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7. Please add an undertaking that the Company will file, during any period in which offers or sales are being made, a post-effective amendment if it determines to conduct one or more offerings of the Company's common shares at a price below its net asset value per common share at the date the offering is begun and such offering or offerings will result in greater than a 15% dilution to the Company's net asset value per common share.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

8. Please add that the Company undertakes in the event that the securities being registered are to be offered to existing stockholders pursuant to warrants or rights, and any securities not taken by shareholders are to be reoffered to the public, to supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased by underwriters and the terms of any subsequent underwriting thereof. Registrant further undertakes that if any public offering by the underwriters of the securities being registered is to be made on terms differing from those set forth on the cover page of the prospectus, the Registrant shall file a post-effective amendment to set forth the terms of such offering.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

9. Please add an undertaking to file a post-effective amendment to the registration statement, and to suspend any offers or sales pursuant the registration statement until such post-effective amendment has been declared effective under the 1933 Act, in the event the shares of Registrant are trading below its net asset value and either (i) Registrant receives, or has been advised by its independent registered accounting firm that it will receive, an audit report reflecting substantial doubt regarding the Registrant's ability to continue as a going concern or (ii) Registrant has concluded that a material adverse change has occurred in its financial position or results of operations that has caused the financial statements and other disclosures on the basis of which the offering would be made to be materially misleading.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

10. We note that you have not yet filed prospectus supplements. We may have additional comments when they are submitted as exhibits to the registration statement.

**Response:** The Company acknowledges the Staff's comment.

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### **Exhibits**

11. Please file as an exhibit the legality opinion in respect of each category of security being registered, and related consent of counsel, with your next pre-effective amendment. In this regard, it appears that the terms of the actual offerings from this registration statement have not yet been authorized by the Company's Board of Directors. Therefore, in your response letter, provide an undertaking on behalf of the Company to file, in a post-effective amendment with each takedown from this shelf registration statement, an unqualified legality opinion and related consent of counsel that will be consistent with the views set forth in Staff Legal Bulletin No. 19 (CF).

**Response:** The Company acknowledges the Staff's comment and has filed the legality opinion in respect of each category of security being registered, and related consent of counsel with Amendment No. 1 to the Registration Statement. The Company undertakes to file, in a post-effective amendment with each takedown from this shelf registration statement, an unqualified legality opinion and related consent of counsel that will be consistent with the views set forth in Staff Legal Bulletin No. 19 (CF).

### **Accounting Comments**

12. Please file an updated consent from McGladrey LLP with the amended N-2 filing.

**Response:** The Company has filed an updated consent from McGladrey LLP with Amendment No. 1 to the Registration Statement.

13. Please file an updated audit report for the Senior Securities table.

**Response:** The Company respectfully refers the Staff to Exhibit n.4 of the Registration Statement filed on June 12, 2015 and incorporated by reference to Amendment No. 1 to the Registration Statement for an updated audit report for the Senior Securities table.

14. In your response, confirm that the financial statements of all wholly owned and all substantially owned subsidiaries are consolidated with the financial statements of the Company.

**Response:** The Company confirms that the financial statements of all wholly owned and all substantially owned subsidiaries that are "investment companies" within the meaning of the 1940 Act are consolidated with the financial statements of the Company.

15. Confirm that the Company performs a quarterly analysis as to whether the disclosure requirements of Rules 3-09 or 4-08(g) of Regulation S-X should be applied for any unconsolidated subsidiaries.
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- o The Staff believes that Rules 3-09 and 4-08(g) of Regulation S-X apply to BDCs and RICs. Rule 3-09 of Regulation S-X is applicable for a majority owned subsidiary (greater than 50% ownership) that is not consolidated by the Registrant. Rule 4-08(g) of Regulation S-X is applicable for subsidiaries (generally, 25% or more ownership) not consolidated.
- o See definition of subsidiary in 1-02 (x) of Regulation S-X and definition of affiliate in Section 602(a) of Regulation S-X.

**Response:** The Company confirms that it performs a quarterly analysis as to whether the disclosure requirements of Rules 3-09 or 4-08(g) of Regulation S-X should be applied for any unconsolidated subsidiaries.

16. In the Fees and Expenses table on page 18, if the Company has included proceeds from the offering in the calculation of the annual expenses, include in a footnote the assumptions used.

**Response:** The Company has not included proceeds from the offering in this calculation. The annual expenses were based on the company's annualized expenses and NAV as of June 30, 2015.

17. In the table on page 51, Price Range of Common Stock and Distributions, consider disclosing the date that the Company became an investment company.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

18. In the Accompanying Notes to the Consolidated Financial Statements, include a discussion of the nature of the "servicing income" fees received by the Company similar to the discussion of the "interest income" and "other income." Please include a detailed discussion on "other income" and "servicing income" in the Accompanying Notes to the Financial Statements so that shareholders may assess the nature of the income and whether it is recurring or non-recurring income. Refer to the issue discussed at the September 16, 2014, AICPA Expert Panel Meeting:

*(c) The SEC staff discussed it may be important for BDC shareholders to understand the amount of income generated by BDCs that is non-recurring. The SEC staff noted that BDCs may receive certain non-recurring fees from their borrowers, including up-front fees (e.g., financing fees or structuring fees) and back-end fees (e.g., prepayment fees or unamortized original issue discount (OID)). However, BDCs generally have not disclosed the impact of these non-recurring fees on earnings and/or yield (e.g., in either the financial statements or in Management's Discussion and Analysis). The SEC staff believes disclosure of the impact of non-recurring fees on earnings and/or yield could be important to the users of financial statements to help investors analyze the BDC's potential future cash flows and dividend sustainability.*

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**Response:** The Company confirms to the Staff that it included in its Quarterly Report on Form 10-Q for the period ended June 30, 2015, a discussion on “other income” and “servicing income,” in the Investment Income section of Note 2, and that going forward it will disclose the amount of other income generated that is non-recurring and will describe the impact of non-recurring fees on earnings and/or yield in future “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections in its future financial statements, as applicable. The Company respectfully submits to the Staff that the Company’s servicing income is recurring.

19. Please confirm that the Company either (1) has sufficient cash and/or liquid assets to cover the amount of unfunded commitments that are currently outstanding; and (2) will not sell additional shares unless it has sufficient cash and/or liquid assets to cover the amount of unfunded commitments that are outstanding at the time of any such issuance or sale. Also, please identify such cash and/or liquid assets. As an alternative to the foregoing test, please provide a representation that the Company has 200% asset coverage when it issues or sells its shares. Please provide the numbers supporting the calculation made in one of the two foregoing tests.

**Response:** The Company confirms to the Staff on a supplemental basis that, assuming that any of the Company’s unfunded commitments are senior securities, the Company will satisfy the 200% asset coverage requirement under the 1940 Act when it issues or sells any of its securities. The calculation supporting compliance with the 200% asset coverage requirement as of June 30, 2015 is as follows:

Net Assets	169,624
Company borrowings	124,122
Unfunded commitments	0
Total borrowings and unfunded commitments	<u>124,122</u>
Asset coverage	248%

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20. The Company should disclose individually the extended fair value of any unfunded commitments either in the notes to the financial statements or in the Schedule of Investments. See the AICPA Expert panel minutes from January 2006.

**Response:** The Company advises the Staff that, in response to the Staff's comment, it will disclose individually the extended fair value of any unfunded commitments either in the notes to the financial statements or in the Schedule of Investments. As of the periods included in the Registration Statement, the Company did not have any unfunded commitments.

21. Please confirm that the Company has included the principle amount outstanding of borrowings as senior securities and that it is calculating asset coverage per unit based on the par value of its senior securities.

**Response:** The Company confirms to the Staff that the Company has included the principle amount outstanding of borrowings as senior securities and that it is calculating asset coverage per unit based on the par value of its senior securities.

22. The Senior Securities table on page 86 discloses asset coverage by class of senior securities. Consider adding a total so that shareholders may see the overall asset coverage for each year.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

23. The Company's Consolidated Schedule of Investments needs to be in compliance with – Regulation S-X 12-14, Investments In and Advances to Affiliates. This disclosure has not been included in the 10-K. Confirm that in future periodic and annual filings, the Company will comply with the requirements of 12-13 and (a) List each issue separately and group (1) investments in majority-owned subsidiaries, segregating consolidated subsidiaries; (2) other controlled companies; and (3) other affiliates; and (b) If during the period there has been any increase or decrease in the amount of investment in and advance to any affiliate, state in a footnote (or if there have been changes to numerous affiliates, in a supplementary schedule) (1) name of each issuer and title of issue or nature of indebtedness; (2) balance at beginning of period; (3) gross additions; (4) gross reductions; (5) balance at close of period as shown in Column E. Include in the footnote or schedule, comparable information as to affiliates in which there was an investment at any time during the period even though there was no investment at the close of the period of the report.
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**Response:** The Company confirms to the Staff that going-forward the Company will comply with Regulation S-X 12-14, Investments In and Advances to Affiliates and the requirements of 12-13 in its future financial statements.

24. Page 160 of the Prospectus includes the Consolidated Schedule of Portfolio Companies. Some of the portfolio companies are marked with footnotes but the explanation of the footnotes appears to be missing. Ensure the explanations are included in the amended filing.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

25. The Consolidated Schedule of Portfolio Companies on page 161 includes a section for Affiliated Investments. Ensure the presentation of the categories is consistent with the presentation in the Consolidated Schedule of Investments, which must comply with the requirements of Regulation S-X 12-14. It appears the investments currently listed as "Affiliated Investments" may need to be listed as "Controlled Investments." Please explain to the Staff in correspondence the structure of the investments that are listed as wholly owned, e.g. Automated Merchant Services, Inc., Business Connect, LLC, CCC Real Estate Holdings Co., CDS Business Services, Inc., etc. Are these portfolio companies wholly owned or substantially owned? If either, please explain why they are not consolidated. Do any of these entities operate as an extension of the Company?

**Response:** The Company advises the Staff on a supplemental basis that its majority-owned subsidiaries (i.e. the Controlled Portfolio Companies) will not be consolidated with the Company and will be treated as portfolio companies since they do not meet the requirements to be treated as "investment companies" under the 1940 Act. As a result, each Controlled Portfolio Company, and the fair value thereof as determined pursuant to Accounting Standard Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"), will be included in the Company's Schedule of Investments. The Company confirms to the Staff that these entities are operating businesses and are not an extension of the Company. These entities do not provide investment services or make investments.

26. In the Condensed Consolidated Statement of Net Assets and Liabilities as well as the Consolidated Balance Sheet, include parenthetically the relevant Note included in the Accompanying Notes to the Financial Statements discussing the commitments and contingencies.

**Response:** The Company has revised the above to include the parenthetical in the Consolidated Statement of Assets and Liabilities in response to the Staff's comment.

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27. In the Condensed Consolidated Statement of Changes in Net Assets ensure any distributions that represent a tax return of capital are separately identified (ASC 946-205-45-3.) Ensure the presentation in the Financial Highlights is consistent with the Statement of Changes. Details of distributions should conform to those shown in the Statement of Changes in Net Assets.

**Response:** The Company confirms to the Staff that going-forward the Company will ensure any distributions that represent a tax return of capital are separately identified in the Condensed Consolidated Statement of Changes in Net Assets and has also revised the presentation in the Financial Highlights to be consistent with the Statement of Changes in Net Assets. The Company has reflected the Staff's comment to ensure the details of distributions conforms to those shown in the Statement of Changes in Net Assets. As of June 30, 2015, the Company expects that all distributions to date will be paid from net realized gains, and not a return of capital.

28. Ensure that going forward the Condensed Statement of Changes in Net Assets and the Consolidated Statement of Changes in Net Assets/Stockholders' Equity are presented in compliance with the presentation requirements of Regulation S-X 6-09.

**Response:** The Company confirms to the Staff that going-forward the Company will present the Condensed Statement of Changes in Net Assets and the Consolidated Statement of Changes in Net Assets/Stockholders' Equity in compliance with the presentation requirements of Regulation S-X 6-09 in its future financial statements.

29. The Company has had distributions in excess of Net Investment Income. Do these amounts represent a tax return of capital? If so, there should be no reference to yield but to a distribution rate, as yield connotes a distribution of income. In addition, please confirm compliance with Rule 19a-1 if a distribution other than income was paid to shareholders.

**Response:** The Company recognizes short term realized gains from the sale of the government guaranteed portions of its SBA loans. These recurring short term gains, plus the company's net investment income (loss) are the determinants for the company's quarterly distributions. Therefore, the Company does not expect to have a tax return of capital.

30. On page F-39, Footnote (5) identifies the investments in the portfolio that are "Controlled Investments." The Portfolio of Investments identifies the investments as "Affiliated Investments." Please explain the discrepancy and ensure going forward that the Portfolio of Investments is categorized in accordance with the requirements of Regulation S-X 12-14.
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**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

31. In the Footnotes to the Schedule of Investments, include the percentage of non-qualifying assets under Section 55(a) of the 1940 Act.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

32. In the Accompanying Notes to the Financial Statements, identify by name the wholly owned and substantially owned subsidiaries that are consolidated into the Financial Statements of the Company.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

33. To the extent that the "Cash and Cash Equivalents" line in the balance sheet includes any money market funds or short term investments, those investments should be identified in the Schedule of Investments. Page F-73 states the Company considers as cash equivalents all highly liquid investments with maturities of three months or less when purchased.

**Response:** The Company confirms to the Staff that it currently includes those investments in the Schedule of Investments entitled "Investment in Money Market Funds". The Company confirms to the Staff that it will remove the term "cash equivalents" from the face of the balance sheet and related disclosure.

34. In the Fair Value Measurements Note disclosed in the Accompanying Notes to the Financial Statements, identify the fair value of the portfolio investments by technique. For example, the Affiliate Investments include fair value at period end under the technique "Market Comparable Companies EBITDA multiples." However, there are other various techniques including "Market Comparable Companies Revenue Multiples" and "Discounted Cash Flow" as well.

**Response:** The Company has revised the above-referenced disclosure in response to the Staff's comment.

35. The Footnotes identified on page F-129 need to be enhanced so a reader of the Financial Statements understands the ownership of the portfolio companies identified in the Schedule of Investments under the "Affiliated Investments" heading. A number of the portfolio holdings are held by a subsidiary of Newtek Business Services Corp. as well as a non-affiliate. Please clarify going forward, for example, that Exponential of New York, LLC is a subsidiary of Newtek Business Services Corp and Advanced Cyber Security Systems is a holding of Exponential of New York, LLC. In your response, confirm the relationship between the entities listed in footnotes (6)-(15) and the Company. If these are consolidated entities, ensure they are identified as such in the Accompanying Notes to the Financial Statements. Note 14 of the Notes to the Consolidated Financial Statements identifies a number of portfolio companies as being non-controlling interests of the Company. Please explain further the structure and control of these portfolio companies since they seem to have been consolidated with the Financial Statements of the Company.
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**Response:** The Company has revised the above-referenced footnotes in the Company's June 30, 2015 Consolidated Schedule of Investments in response to the Staff's comment to reflect the ownership of each portfolio company which is held by a subsidiary of Newtek Business Services Corp. Note 14 of the Notes to the Consolidated Financial Statements reflects companies that have a non-controlling interest as follows:

Wilshire Alabama Partners, LLC: This entity is a holding company and consolidates with Newtek. The entity has a 0.6% non-affiliated member.

Exponential of New York, LLC: This entity is a holding company and is controlled by Newtek, but is ultimately owned 61.0% by non-affiliate members.

PMT Works Payroll, LLC: This entity is a controlled portfolio company owned 50% by Wilshire NY Partners V, LLC, 30% by Wilshire Holdings II, Inc., and 20% by a non-affiliated member. This entity was consolidated prior to the BDC Conversion and is now a portfolio company.

Secure Cyber Gateway, LLC: This entity is a controlled portfolio company owned 66.7% by Wilshire Texas Partners I, LLC and 33.3% by a non-affiliated member. This entity was consolidated prior to the BDC Conversion and is now a portfolio company.

36. Page F-154 discloses Transactions with Affiliated Companies. In your response, please explain why Universal Processing Services of Wisconsin, LLC and Crystaltech Web Hosting, Inc. are not included.

**Response:** There were no affiliate transactions in 2014 between Newtek Business Services Corp. and Universal Processing Services of Wisconsin, LLC and Crystaltech Web Hosting, Inc. For the three and six months ended June 30, 2015, the Company included disclosure with both affiliated companies.

37. Please ensure going forward that the Company includes all required financial statement disclosures for all related party transactions including the following disclosures required by ASC 850:

- The nature of the relationships involved.
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- A description of the transactions, including transactions where no dollar amounts or nominal amounts are involved, for each of the reporting periods where income statements are presented; additionally, other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements should be disclosed.
- The dollar amounts of the transactions for each of the reporting periods where income statements are presented, along with the effects of any change in the method of establishing the terms of the transactions when compared to the method used in the preceding reporting period.
- Amounts due to or from related parties as of each financial statement date and, if not otherwise apparent, the terms and manner of settlements related to those amounts.

**Response:** The Company has revised the above-referenced disclosure in Footnote 4 – Transactions with Affiliated Companies in response to the Staff’s comment.

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If you have any questions or additional comments concerning the foregoing, please contact the undersigned at (202) 383-0176 or Cynthia Krus at (202) 383-0218.

Sincerely,

/s/ Steven B. Boehm

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Steven B. Boehm

Cc: Barry Sloane, Newtek Business Services Corp.  
Michael Schwartz, Newtek Business Services Corp.  
Cynthia Krus, Sutherland Asbill & Brennan LLP

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