



April 23, 2010

The Honorable Christopher Dodd
United States Senate
Washington, D.C. 20510

Dear Senator Dodd:

The National Small Business Association (NSBA) is pleased to support your amendments to the *Restoring American Financial Stability Act of 2010* that would offer better fraud protection to angel investors and ensure that the overall bill would not inadvertently restrict entrepreneurs' access to angel capital. Reaching 150,000 small firms across the nation, NSBA is the country's oldest small-business advocacy organization.

Section 412: Adjusting the Accredited Investor Standard

NSBA shared the concern of the Angel Capital Association that the original language of this section could dramatically and unnecessarily reduce—by as much as two-thirds—the number of accredited investors; and is pleased that you plan to offer an amendment to the bill that would maintain the current \$1 million standard, but exclude an investor's primary residence from the calculation. NSBA also supports the amendment's expected provision requiring the Securities and Exchange Commission to review the thresholds at least every four years.

Section 926. Regulation D Offerings

Alarmed that the language in this well-meaning section could have resulted in regulatory confusion for both angel investors and businesses seeking capital, making the raising of capital a more arduous undertaking than it already is, NSBA is pleased that you plan to offer amendment that would disqualify "bad actors" (as determined by Federal and state authorities) from using Regulation D 506 private offerings. This amendment not only increases the protections for investors, it also promises standardized regulation and reporting requirements across the country.

With America's entrepreneurs—existent and aspiring—suffering through a crippling credit crunch, it is critical that Congress not take any actions that unintentionally restrict small-business owners' access to capital. Accordingly, NSBA is grateful that you and your staff have proved so willing to address the aforementioned aspects of the financial regulatory reform legislation.

NSBA is pleased to support your section 412 and 926 amendments to the financial regulatory reform legislation and applauds you for your leadership on the issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken", written over a horizontal line.

Todd O. McCracken
President