



February 8, 2012

TO MEMBERS OF THE UNITED STATES SENATE

Three bills recently passed by the House with strong bi-partisan support would make it much easier for small businesses to raise capital to grow their businesses or to get new ideas off the ground. I urge you to support these bills without major amendments.

The Access to Capital for Job Creators Act (H R 2940) passed the House by a margin of 413-11. This bill would allow for general solicitation or general advertising to find investors, provided that all purchasers of the securities are accredited investors. Accredited investors are, generally, people who have a net worth of more than \$1 million, annual incomes over \$300,000 or institutions. It is presently illegal to advertise or post information on the internet seeking such investors unless you are a public company.

The Entrepreneur Access to Capital Act (H.R. 2930) passed the House by a margin of 413-11. This bill would create a so-called crowdfunding exception that would, if audited financial statements are provided to investors, allow a company to raise up to \$2 million provided that the aggregate amount sold to any investor in a 12-month period does not exceed the lesser of \$10,000 or 10 percent of such investor's annual income. It is presently illegal to post information on the internet or otherwise publically seek investments unless you are a public company.

The Small Company Capital Formation Act of 2011 (H.R. 1070) passed the House by a margin of 421-1. The bill would effectively amend Regulation A by increasing the aggregate offering amount of all securities sold within the prior 12-month period from \$5 million to \$50 million. The bill further provides that the securities may be offered and sold publicly and that the securities shall not be restricted securities within the meaning of the Federal securities laws. Regulation A is a simplified form of registration meant for small and mid-sized businesses. In addition, the ongoing compliance costs for Regulation A companies are substantially lower.

None of these bills limit in any way the current anti-fraud provisions at the state or federal level.

Together these three bills have the potential to positively transform the ability of small businesses to raise capital. It would enable small firms to raise capital without spending a fortune on attorneys or having to provide a big piece of the company to investment bankers. They would lead to substantial increases in employment and innovation.

I urge you to support these bills and oppose efforts to limit the reforms they make. Small businesses need to be able to access capital without crippling legal and compliance costs.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken", with a long horizontal line extending to the right.

Todd McCracken
President

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