



SMALL BUSINESS KEY VOTE ALERT: The JOBS Act, H.R. 3606

...will boost entrepreneurship, small business capital access, and jobs

March 6, 2012

Dear Member of the United States House of Representatives:

On behalf of the Small Business & Entrepreneurship Council (SBE Council) and our more than 100,000 members nationwide, I am writing to urge your support of the Jumpstart our Business Startups (JOBS) Act, H.R. 3606. The JOBS Act offers powerful reforms that will help small businesses at various stages of growth and development. The common sense reforms that are included in H.R. 3606 will provide regulatory flexibility and relief, and will promote and unleash new sources of funding for capital-starved small businesses.

The JOBS Act is critical to our members and our nation's small business owners and entrepreneurs. As such, SBE Council will **KEY VOTE** H.R. 3606 for our forthcoming *Ratings of the 112th Congress*. A vote for H.R. 3606 is a vote for small business.

Small business owners and entrepreneurs continue to lack the capital they need to hire, invest and grow. Capital formation is central to a dynamic and healthy entrepreneurial sector. Without adequate sources of capital, the economy will continue to underperform, and the recovery will remain less than robust. Healthy entrepreneurship requires access to capital, yet funding streams remain cautious, locked or tentative. Entrepreneurs need solutions that will create options for accessing capital. The JOBS Act offers such solutions.

The crowdfunding piece of H.R. 3606 will enable new platforms for raising capital. On these transparent platforms, investors will dynamically engage with other investors to vet business ideas and fund those businesses with significant promise. Crowdfund investing will allow entrepreneurs who lack access to funding networks the opportunity to bring their business ideas directly to investors. Americans will have the opportunity to invest in small businesses in their local communities, or support entrepreneurs in rural or urban areas where business formation is critical to sustaining those communities. The platforms will protect investors by utilizing proven technologies and tap into "the sunshine" of social media. This is what has made gift-based crowdfunding so successful, and why crowdfund investing has been a major success in other parts of the world. The crowdfunding piece of the JOBS Act, along with the removal of the SEC regulatory ban preventing small businesses from advertising to solicit investors, are two

powerful provisions that will produce significant benefits for the broader small business community.

Other regulatory reforms in the JOBS Act are important for helping small firms access and accelerate their growth in the public markets. By creating a new category of issuers -- the “Emerging Growth Company” (EGC) – which phases in certain regulations over a five year period (or until a firm exceeds \$1 billion in annual gross revenues), small firms will have the opportunity to scale up more efficiently while providing investors and regulators with critical information.

The JOBS Act will also make it easier for a small business to go public by increasing the offering threshold from \$5 million to \$50 million. In addition, the bill raises the outdated shareholder registration requirement threshold from 500 to 1,000 shareholders. Originally adopted in 1964 and not altered since, this threshold rule restricts company growth as firms need flexibility in a competitive global marketplace to develop. Finally, the JOBS Act increases the number of shareholders that can invest in a community bank (from 500 to 2,000). This common sense change will allow these critical institutions to better compete, and serve small businesses.

The small business community is very excited about this bipartisan legislative package that directly addresses a central challenge – access to capital. Please vote for the JOBS Act.

Thank you, in advance, for your support of America’s small business owners and entrepreneurs.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Kerrigan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Karen Kerrigan
President & CEO