

Angel Investor Amendment Passes

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WASHINGTON, D.C. – A bipartisan group of Senators tonight scored a victory that will provide strong protections for investors while promoting small business startups vital to job creation. A bipartisan amendment sponsored by Senators Kit Bond (R-MO) and Senate Banking Committee Chairman Christopher Dodd (D-CT) and co-sponsored by Senators Mark Warner (D-VA), Scott Brown (R-MA), Maria Cantwell (D-WA) and Mark Begich (D-AK) was adopted by voice vote as part of the financial reform bill being debated in the Senate.

The Senators' amendment which passed tonight will ease restrictions in the financial reform bill for accredited investors. The amendment promotes small business startups by speeding and increasing the availability of essential seed capital from qualified investors. Specifically, the Bond, Dodd, Warner, Brown, Cantwell and Begich amendment eliminates the language in the underlying bill that required a 120 day Securities and Exchange Commission review period for investors that prove an annual income in excess of \$200 thousand and net worth totaling more than \$1 million.

Promoting investments in startups is particularly important as the nation's unemployment rate continues to hover just under 10 percent and the necessity for small business job creation remains critical. The amendment also seeks to promote integrity in private placements and protect would-be investors and the American public from fraud by prohibiting felons and other known bad-actors from seeking to raise investment and capital.

"We all agree that we must reform Wall Street, but we must not punish Main Street and the very small business startups that are so critical to job creation," Bond said. "The adoption of this bipartisan amendment will protect the small business startups vital to job creation across the country. This a major victory for Main Street and a significant win for the booming biotech industry in Missouri."

"This amendment recognizes the valuable role played by angel investors in supporting new, innovative businesses," said Dodd. "It finds a way to protect investors from fraud, preserving the intent of the original language, while promoting economic growth."

"Limiting access to start-up capital does nothing to encourage innovation or boost our nation's competitiveness," Warner said. "Our bipartisan amendment ensures that angel investors will be able to continue to provide critical financing for new entrepreneurs and promising young companies."

"Ensuring that start-up companies are able to raise money quickly is critical to getting our economy back on track," said Brown. "This amendment goes a long way to do that by changing provisions in the underlying bill that would have saddled entrepreneurs with increased regulatory burdens. I would have preferred to completely eliminate these provisions, but what is most important is that we have dramatically rolled them back in this bi-partisan compromise amendment that I am pleased to support. I will continue to work to ensure that small businesses have all the tools necessary to create jobs in this country."

"Congress should be helping innovators and entrepreneurs get the capital they need to invest in the businesses and workers of tomorrow," Senator Maria Cantwell (D-WA) said. "This amendment will make it easier for our nation's small businesses to do what they do best: innovate, hire and move our nation out of its economic stalemate. Washington state has an active and engaged community of angel investors – this amendment eliminates needless delay so that they can get busy financing the well-paying jobs of tomorrow."

“With unemployment rates at record highs, making it possible for small businesses to get started, move forward and create jobs is a positive and vital step in this economy,” Begich said. “Small businesses are the backbone of Alaska’s economy and I am pleased this invaluable source of working capital for job creation and entrepreneurs is part of the reforms the legislation will bring. I am committed to reform of Wall Street, but we need to make sure Main Street can still succeed.”

The bipartisan Bond-Brown-Cantwell-Warner amendment is strongly supported by the U.S. Chamber of Commerce, the Angel Capital Association, the Financial Services Roundtable, the North American Securities Administrators Association, Private Equity Council and several other pro-growth organizations.