

NAYS—160

Adams	Graves (MO)	Pearce
Akin	Griffith (VA)	Pence
Amash	Guthrie	Petri
Amodei	Hall	Pitts
Bachus	Hanna	Poe (TX)
Bartlett	Harper	Pompeo
Barton (TX)	Harris	Posey
Bishop (UT)	Hartzler	Price (GA)
Black	Hastings (WA)	Quayle
Blackburn	Hensarling	Reed
Bono Mack	Herger	Renacci
Boustany	Herrera Beutler	Ribble
Brady (TX)	Huelskamp	Rigell
Brooks	Huizenga (MI)	Roby
Broun (GA)	Hultgren	Roe (TN)
Buerkle	Hunter	Rohrabacher
Camp	Hurt	Rokita
Campbell	Issa	Rooney
Canseco	Jenkins	Roskam
Cantor	Johnson (IL)	Ross (FL)
Carter	Johnson, Sam	Royce
Cassidy	Jordan	Ryan (WI)
Chabot	King (IA)	Schmidt
Chaffetz	Kingston	Schock
Coble	Kline	Schweikert
Conaway	Labrador	Scott (SC)
Crenshaw	Lamborn	Scott, Austin
Culberson	Landry	Sensenbrenner
Davis (KY)	Latta	Sessions
DesJarlais	Lewis (CA)	Shimkus
Doggett	Long	Smith (NJ)
Dreier	Luetkemeyer	Smith (TX)
Duffy	Lummis	Southerland
Duncan (SC)	Mack	Stearns
Duncan (TN)	Marchant	Stutzman
Ellmers	McCarthy (CA)	Sullivan
Emerson	McClintock	Thornberry
Farenthold	McHenry	Tipton
Fincher	McKeon	Upton
Flake	McKinley	Walberg
Fleischmann	McMorris	Walden
Fleming	Rodgers	Walsh (IL)
Flores	Mica	Webster
Foxx	Miller (FL)	West
Franks (AZ)	Miller, Gary	Westmoreland
Gallagher	Mulvaney	Whitfield
Gardner	Myrick	Wilson (SC)
Garrett	Neugebauer	Wolf
Gibbs	Nugent	Woodall
Gohmert	Nunes	Yoder
Goodlatte	Nunnelee	Young (AK)
Gowdy	Olson	Young (FL)
Granger	Palazzo	Young (IN)
Graves (GA)	Paul	

NOT VOTING—8

Austria	Butterfield	Murphy (CT)
Bachmann	Giffords	Ruppersberger
Bilirakis	Hirono	

□ 1452

Messrs. NUNES and FLEMING changed their vote from “yea” to “nay.”

Messrs. FRANK of Massachusetts and MCDERMOTT changed their vote from “nay” to “yea.”

So the motion to instruct was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees on H.R. 2112:

Messrs. ROGERS of Kentucky, YOUNG of Florida, LEWIS of California, WOLF, KINGSTON, LATHAM, ADERHOLT, Mrs. EMERSON, Messrs. CULBERSON, CARTER, BONNER, LATOURETTE, DICKS, Ms. DELAURO, Messrs. OLVER, PASTOR of Arizona, PRICE of North Carolina, FARR, FATTAH, and SCHIFF.

There was no objection.

ACCESS TO CAPITAL FOR JOB CREATORS ACT

Mr. BACHUS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2940 and to insert extraneous material therein.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BACHUS. Mr. Speaker, pursuant to the rule just adopted, I call up the bill (H.R. 2940) to direct the Securities and Exchange Commission to eliminate the prohibition against general solicitation as a requirement for a certain exemption under Regulation D, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 453, the amendment in the nature of a substitute recommended by the Committee on Financial Services printed in the bill is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 2940

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Access to Capital for Job Creators Act”.

SEC. 2. MODIFICATION OF EXEMPTION.

(a) REMOVAL OF RESTRICTION.—Section 4(2) of the Securities Act of 1933 (15 U.S.C. 77d(2)) is amended by adding before the period the following: “, whether or not such transactions involve general solicitation or general advertising”.

(b) MODIFICATION OF RULES.—Not later than 90 days after the date of the enactment of this Act, the Securities and Exchange Commission shall revise its rules issued in section 230.506 of title 17, Code of Federal Regulations, to provide that the prohibition against general solicitation or general advertising contained in section 230.502(c) of such title shall not apply to offers and sales of securities made pursuant to section 230.506, provided that all purchasers of the securities are accredited investors. Such rules shall require the issuer to take reasonable steps to verify that purchasers of the securities are accredited investors, using such methods as determined by the Commission.

The SPEAKER pro tempore. After 1 hour of debate on the bill, as amended, it shall be in order to consider the further amendment printed in part B of House Report 112–265, if offered by the gentleman from North Carolina (Mr. MILLER) or his designee, which shall be considered read, and shall be separately debatable for 10 minutes equally divided and controlled by the proponent and an opponent.

The gentleman from Alabama (Mr. BACHUS) and the gentlewoman from California (Ms. WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from Alabama.

Mr. BACHUS. Mr. Speaker, I yield myself such time as I may consume.

I rise today in strong support of H.R. 2940, the Access to Capital for Job Creators Act.

Throughout this week, the House is considering several jobs bills that are sponsored by members of the Financial Services Committee and that have recently been approved by the committee. They have been sponsored by both Republicans and Democrats. Yesterday, we passed two of those bills overwhelmingly, and today we will consider the other two.

Presently, we’re considering H.R. 2940, which was introduced by Mr. MCCARTHY, a member of the committee and of leadership. What this bill does is create jobs. It gives entrepreneurs the ability to raise capital, and that capital translates into jobs.

The President, in his State of the Union, called on the Congress to create ways, additional ways, alternative ways for entrepreneurs to raise capital. He also called on Congress to address burdensome regulations and restrictions imposed on American businesses that create American jobs, and that’s what brings us on the floor today.

I received a letter last week from EMANUEL CLEAVER, a member of our committee who voted in favor of all four of these bills in committee. And this is what he said—and this is, I think, what we’re doing today: “As we attempt to breach the divide in Congress, I want to share an insightful civility story.

“Two young boys went to a neighborhood park to have some play time before their respective mothers called them in for dinner. But upon arriving, a controversy ensued. One boy said, ‘let’s play on the seesaw.’ ‘No,’ the other replied, ‘I want to play catch.’ One boy got on the seesaw, but because no one sat on the other end, he never got off the ground. The other boy threw the ball, but no one threw it back. That sounds a lot like the two sides in Congress: Both sides have come to Congress for the same purpose but with different priorities.

“As representatives of the people of the greatest Nation on Earth, we must be willing to alter one preference in order to acquire another, often resulting in accommodation of both.” It was signed by my colleague, EMANUEL CLEAVER, a Member of Congress from Missouri.

□ 1500

That’s why we’re here today. We’re here today to set aside our differences and do what the American people have asked us to do, and that’s create jobs. I can’t think of a better way to create jobs, particularly for small and middle-sized businesses, than the legislation of the gentleman from California (Mr. MCCARTHY), and I’m happy to report that the Democratic members of Financial Services overwhelmingly agreed with us.

Yesterday the job numbers came out, and it showed that while large corporations actually lost 1,000 jobs last month, small- and medium-sized businesses created 107,000 or 108,000 jobs. They did that despite what was described as “restrictions.” The greatest restriction was the lack of capital.

There are two ways to obtain funds needed to hire new employees. One is to go to the bank and borrow it. Any one on the Financial Services Committee will tell you that when entrepreneurs go to the bank to get a loan for their business, they're often told, I'm sorry, it's too risky.

There is an alternative to loans. And we all know loans can be hard to come by for new businesses and for small businesses who create almost all the innovation and new jobs in our country. The other way is to attract capital, people willing to invest and have the opportunity to share in the profits and share in the growth of that company but, at the same time, willing to take the risk.

That's what the gentleman from California's bill does, in a nutshell. It makes it easiest for people to invest in companies.

We've often said that in America one of the dreams—and we've had a difficult time with this recently—is homeownership. Another is to either own a business or invest in a business that does well.

How many of us have thought, I wish we had invested in Apple. I wish we had invested in Google. I wish we'd gotten in on the ground floor.

The gentleman from California's bill allows investors to get in on the ground floor without having to spend \$200,000 or \$300,000 to the Securities Exchange Commission, and put their money that they have earned, not the government, to work.

And let me say this: when it comes to investing our money, I'll trust individual investors every time over the government.

With that, Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

I rise today in support of H.R. 2940, the Access to Capital for Job Creators Act.

Before I begin my remarks, I would like to thank Chairman BACHUS, Chairman GARRETT, Congressman MCCARTHY, and Ranking Member FRANK for their assistance and support with this bill. We were able to work in a bipartisan manner on this bill in our committee, passing it on a voice vote.

H.R. 2940 amends the Securities Act of 1933 to remove the prohibition on general solicitation or general advertising for offers of securities made under rule 506 of regulation D, if those securities are only sold to accredited investors. In other words, investors will be able to advertise their private, unregistered securities offerings if those securities are only sold to accredited investors.

As you know, accredited investors are individuals, companies, or organizations that generally have the sophistication needed to make complex financial decisions. These folks are thought to need less protection than average retail investors.

Because this lifting of the ban on general solicitation and advertising

would only apply when securities were sold to accredited investors, I am sympathetic to the goals of the gentleman from California's bill.

The current ban on general advertising has been interpreted to mean that companies can only raise capital from investors with whom they have had a preexisting relationship. This requirement would hamper their ability to obtain capital and it's, therefore, appropriate to modernize this provision.

However, during the hearing on this bill in September, the North American Securities Administrators Association and others noted that one problem with the original bill was that it would be difficult to limit the sale of these securities to only accredited investors when issuers advertise to everyone, particularly since accredited investors were able to self-certify their status.

An amendment I offered in subcommittee, which was accepted, directs the SEC to write rules requiring issuers to verify that purchasers are accredited investors. I think this will substantially improve the potential fraud issues identified by the State regulators.

Given this improvement, I'd like to offer my support for this legislation. This bill will make it just a bit easier for some companies to raise funds in the private market, enabling them to grow their businesses.

But make no mistake. I believe that we still need to pass the American Jobs Act in order to truly get people back to work in this Nation. In addition to this small change to enable capital formation, we need to keep teachers, police officers and firefighters on the job, extend unemployment insurance for laid-off workers, and revitalize neighborhoods devastated by foreclosures. A truly comprehensive approach is needed to get Americans working again. And I hope my colleagues are willing to work with me on passing the American Jobs Act.

With that, Mr. Speaker, I reserve the balance of my time.

Mr. MCCARTHY of California. Mr. Speaker, I yield myself such time as I may consume.

I first want to start by thanking the gentlelady from California for her work on this legislation and her amendment making the bill better.

Mr. Speaker, as many know on this floor, I started, before I was in Congress, as a small business owner. At the age of 20, I took some savings I had, some luck within a lottery, and some investments in the market and I took a risk. I went out and opened a deli. I didn't put a lot of thought into the name, so I named it after myself.

But as I took that risk, as many people across this country do, you find the challenges of a small business. Fortunately, I was successful, able to hire people, able to work through; and at the end of 2 years, I now had enough money to pay my way through college.

But when I think back to those days of the risk I took, I wonder if in to-

day's environments could I do the same. Unfortunately, the answer is, no, I could not. I cringe at the thought today of the regulations and the challenges a small business faced.

When I look at what small businesses do to this economy, they represent 99.7 percent of all employers. When you analyze the growth of America, if you just want to take from the beginning of the last recession, 2001, the end of it to the beginning of this one in 2007, and you look at that time in America when we had job growth, when you think about who created that growth, well, small businesses added 7 million jobs. Large corporations cut 1 million jobs during that same time.

Today, when we look at the market, we're at our all-time low in the last 16 years for new small businesses entering. And all statistics tells us we will not grow unless small businesses grow.

Unfortunately, the entrance to market has become too great. The regulations have been too tough, and the access to capital has been too hard to get.

So just with that story I tell you of starting my own small business when it became successful, before I sold it I actually looked to expand. I had dreams of putting five new delis throughout my town. I even started negotiating on a new lease.

But to raise that extra capital, when, one, a bank had turned me down, because of the regulations by the Federal Government, I could only talk to those people I already had a relationship with. Well, I came from a side of town that didn't have great wealth. I didn't know people with money.

□ 1510

So for me to be able to talk to them, I'd have to hire an attorney, file with the SEC all things that I did not have the time to do as a small business, even to talk to somebody about the idea. So I ended up selling.

Well, that law was based in 1933. This country has moved forward, and this Congress should move forward as well. That's why today that's exactly what this bill will do. It will allow the small business to unshackle the capital which it needs. It will allow the individual to talk to those who are accredited, and it has the protections to do that. But the idea could actually gain the capital. And you have to think, when you're in a small business, sometimes this capital is better than going to a bank. It's what you negotiate.

The cash flow is very important in a small business. A bank makes you pay monthly. The investment of an individual allows you to have growth. It also allows Americans to invest in America. It is a win-win all the way around. It is involving in a place that allows small business to grow.

I will tell you that the strength from the amendment from MAXINE WATERS, and the adoption in the committee, requires insurers to verify that purchasers are in fact SEC accredited. And I thank you for that amendment.

This was approved in the Financial Services Committee by a bipartisan vote. This is another example of an issue where we can find common ground, work on both sides of the aisle, work with this President, but more importantly, let America start working again.

Mr. Speaker, I urge all of my colleagues to support this commonsense legislation, and I reserve the balance of my time.

The SPEAKER pro tempore. Without objection, the gentleman from California will control the remaining time on the bill.

There was no objection.

Ms. WATERS. Mr. Speaker, I yield 3 minutes to the gentlelady from New York (Mrs. MALONEY).

Mrs. MALONEY. I thank my good friend and the ranking member on the subcommittee, the gentlewoman from California, for her leadership on this bill and her amendment and her efforts to make a good product an even better one. And I thank our ranking member, Mr. FRANK, for all of his leadership on Dodd-Frank and in the committee now, and also Chairman BACHUS, Chairman GARRETT, and Representative MCCARTHY.

This was a bipartisan effort. So in a Congress that everyone says we're not working together, this is one example where we work together in the best sense of the word to bring this bill to the floor.

I rise in strong support of the Access to Capital for Job Creators Act because I believe that it will help businesses in our country raise money they need to create jobs and help our economy recover.

This was an important bill for businesses across our country, but it is particularly important to New York City. New York City is the home of many innovators, innovation. Entrepreneurs come there from across the country, and this bill will help them raise money and grow the American Dream and help them go up that ladder of success in providing jobs and helping our economy.

Under our current system, companies seeking to raise capital by selling shares are barred from many types of advertising and solicitations. In effect, our current system tells businesses: Go out and create jobs, but don't tell people who might want to invest in your company or invest in your idea or invest in America, don't tell them anything.

So this message is contradictory at best and patently unfair at worst, and it is bad for businesses at a time when we are asking businesses across this country to lead our economic recovery and to create jobs.

This bill before us today would end this contradiction by removing the restrictions on general solicitation and advertising for certain private securities offerings. It will help companies attract potential investors and raise the capital that they need to be suc-

cessful. This bill accomplishes this task in a balanced way.

During the committee markup and work on this bill, we incorporated numerous ideas from both sides of the aisle, including a provision requiring that issuers verify that an investor is actually eligible to purchase the offered securities. The Waters amendment made sure that the investors were credible and accredited.

Today, as it stands, investors only self-certify that they have a million in assets or make \$200,000 a year to qualify to purchase the private security. Now, with this bill, we will have additional safeguards in place to make sure that investors are qualified and that these financial transactions are safer.

I support this bill today. I urge my colleagues to join in supporting it. And I feel that this is really an investment in the American Dream.

I hope that we can likewise work together to pass the American Jobs Act in a bipartisan way. We are not going to cut our way to prosperity. We need to invest and grow our economy. This bill helps us to do that. The American Jobs Act does, too. I hope our colleagues will join us in supporting that important job-creator initiative also.

So this is a vote for the American Dream. I'm proud to support it.

Mr. MCCARTHY of California. Mr. Speaker, I yield 2 minutes to a doctor, mother, businesswoman, who brings a fresh perspective to the freshman class and knows firsthand the challenges that job creators face, having started her own medical practice from scratch, the gentlelady from New York's 19th District, Congresswoman NAN HAYWORTH.

Ms. HAYWORTH. Thank you, mister whip.

Last week, I had the privilege of coming to the floor and sharing a letter from one of our constituents in the 19th Congressional District of New York, Mr. Paul Manahan from Mahopac, New York. This is what he wrote:

"We don't need or want more government spending. Cut regulations; cut taxes; repeal the 2010 health care law and let business do what it does best—create jobs based upon demand, not government dictates, spending, and attempts at market manipulation."

Today, in this bill, the Access to Capital for Job Creators Act, H.R. 2940, we are taking yet another step toward implementing this kind of advice from a commonsense American.

Small businesses, as many of us have already mentioned, they really are the job creators and the key to a healthy and strong economy. Our number one priority in this Congress is to ensure that the regulatory environment for small businesses supports capital formation, investment, and job creation. This bill does exactly that, furthering job creation by eliminating unnecessary regulations.

The Access to Capital for Job Creators Act creates jobs by eliminating a

prohibition on solicitation that is a barrier to capital formation and job creation. And regulations that are unnecessary in this case are being eliminated because investors under regulation D have to be sophisticated and accredited.

So there is the common sense. This is a win all the way around.

I'm very proud to cosponsor this important piece of legislation, and I am so glad to join colleagues on both sides of the aisle supporting this bill.

I want to make mention of the fact that this bill now joins 15 other bills that have been supported by both Democrats and Republicans. They are listed on a card that we're carrying with us and that you've probably seen quite a bit. I want the Senate to know that this support from both sides indicates how strongly we are committed to creating jobs; and our Nation cannot wait for the Senate to hold yet this one hostage as well, so I urge its swift passage.

Ms. WATERS. I yield myself such time as I may consume.

I am very pleased that we have bipartisan support for this legislation. It has been stated over and over again that access to capital is extremely important to our businesses, and small businesses in particular.

Mr. Speaker and Members, we talk a lot about our support for small businesses; but I know there's a long way to go in order to make sure that they have not only access to capital, but we have one-stop shops and other kinds of efforts that will help them not only to grow their businesses and expand their businesses but to hire people. And really, that's what this is all about.

This is about how do we stimulate our economy, how do we get it working, how do we create jobs. This is one way that we can do this.

□ 1520

While we're talking about small businesses, let me remind you that, in the American Jobs Act that is being debated by this Congress, we have similar efforts for small businesses. We have tax credits for small businesses; we have tax credits when they hire workers, when they hire veterans. So I am very pleased that both sides of the aisle are showing more and more support. These small businesses need this capital to acquire inventory. Many of them need to get up to speed with their computer equipment to be able to market their services, their goods, and their products. As we do this, let us keep in mind that this is one aspect of how we stimulate the economy, of how we grow our small businesses, of how we give support to them.

Let's look at the other ways we're talking about stimulating the economy. Don't forget that many small businesses will benefit from the repair of our infrastructure. Just think about it. When we're repairing our roads and our bridges and our water systems, small business persons will have many

opportunities to grow their small businesses, whether or not they are wholesalers and people in the middle who will be providing supplies and materials to those contractors or whether or not they are subcontracting for some aspect of this development and growth and repair of our infrastructure. So we're on the right track here when we talk about assistance to small businesses and job creation, but let us open up our minds and really think about how the infrastructure repair will certainly be a big boon for small businesses.

I can point to other things in the American Jobs Act. Just think about the construction and repair of our schools. We have schools that still need a lot of repair. They don't have science labs. The laboratories and much of what is involved in the whole construction of schools is very much needed. Again, our small businesses will benefit from this. Just think about it. When they go to their local boards of education and when they get involved in supplying goods and services as we repair these schools and build more schools, that's how you stimulate the economy. You cannot separate small businesses from jobs. Small businesses create jobs. Jobs allow people the ability to spend money and to stimulate our economy.

I am just so pleased that we see bipartisan support in the effort for small businesses. Let's not stop here. Let's keep going. Let's keep creating these opportunities so that we can say that we're a country that not only respects small businesses but that we're going to put our money where our mouths are, and we're going to give them the opportunity again to create and grow and expand.

With that, Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MCCARTHY of California. Mr. Speaker, I yield 2 minutes to an integral member of the Financial Services Committee, a member who ran one of the oldest pest management companies in the country and who has personally faced many of the challenges confronting small businesses today, the gentleman from Illinois (Mr. DOLD).

Mr. DOLD. I certainly want to thank the gentleman from California for yielding the time.

One thing that I am very pleased about today is that we're talking about some bipartisan legislation that does focus in on the number one issue that we face in our country today, which is jobs and the economy.

As a small business owner, I can personally understand that access to capital is critical in sometimes determining the factor between success and failure for small businesses. Small businesses do represent two-thirds of all net new jobs created in our Nation. Businesses, especially small businesses, must raise capital to create and maintain jobs, to invest in research and development, to sell and market goods

and services, and generally to expand their businesses.

Debt financing is very difficult and sometimes impossible in today's market, especially for smaller businesses like my own. Equity financing is also very difficult, with enormous transaction costs and very expensive and time-consuming SEC regulation requirements. Our capital markets, both debt and equity, are struggling and are expensive for small businesses, so we need to find creative ways to reduce the regulatory costs and burdens.

This legislation, this commonsense legislation, I would add, would do just that. It would give companies greater access to capital to grow and to create jobs while still protecting the less sophisticated investors at no cost to the American taxpayers. Specifically, this bill removes the ban on small companies from soliciting equity financing from accredited investors. It expands the pool of those that we can go out to to help raise dollars, to help raise resources so that we can invest in our businesses and so that we can grow them.

There are 29 million small businesses in our Nation. If we can create an environment here in Washington where half of those businesses can create a single job, think about where we'd be then. This is the kind of bipartisan legislation we talk about with regard to jobs and the economy, and we are doing things in the United States Congress.

I certainly want to thank the gentlelady from California for her leadership. I want to thank Chairman BACHUS for his leadership, certainly want to thank Chairman GARRETT, because this is the kind of bipartisan legislation that can get our economy moving again and our focus back on jobs.

Mr. MCCARTHY of California. Mr. Speaker, I am pleased to yield 1 minute to a man who knows what it takes to create jobs and meet a payroll in having spent 20 years building a real estate development company that he started with his brothers and sisters, the gentleman from Texas (Mr. CANSECO).

Mr. CANSECO. Mr. Speaker, I rise today in support of the Access to Capital for Job Creators Act.

I want to thank the gentleman from California (Mr. MCCARTHY) and the gentlelady from California (Ms. WATERS) for this bipartisan effort as well as thank our leadership on the committee.

As a nation, we have an unemployment rate that is hovering around 9 percent and 14 million Americans out of work. We've had 32 consecutive months with unemployment rates at or above 8 percent. Yet Senator HARRY REID, the Senate majority leader, insists, "It's very clear that private sector jobs have been doing fine."

The American people disagree.

I'm 62 years old and a freshman in this, the people's House. Before coming to Congress, I spent my entire career in the private sector. I've signed the front of a paycheck. I know something about

how to create jobs. What I know is that attempting to spend our way to an economic recovery won't work, and we have the economy today that proves just that.

From the experiences gained from an almost 40-year career in private business, to get the private sector creating jobs again and our economy growing, government needs to get out of the way and not be an impediment to job creation.

This is the philosophy that has governed bill after bill that the House has passed to get our economy moving again. Unfortunately, these bills are rotting at the doorstep of the Senate as HARRY REID refuses to allow them to be considered. The Access to Capital for Job Creators Act is governed by the same philosophy. This will help fix an outdated government regulation that is inhibiting capital formation for small businesses that are having a hard time accessing loans from financial institutions.

To get the economy back on track, job creation in the private sector is the key. We need to get government out of the way and let private sector job creators do what they do best—create jobs.

Mr. MCCARTHY of California. Mr. Speaker, it is my pleasure now to yield 2 minutes to the chairman of the Capital Markets and Government Sponsored Enterprises Subcommittee, one who has been a leading advocate for pro-growth economic policies, the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT. I thank the gentleman for yielding.

I thank the gentleman from California as well for his leadership on this issue, as well as others, and also behind us over here, the chairman of the full committee, SPENCER BACHUS, for his leadership on this issue as well as on the general issue of trying to do what we can do best in order to facilitate the greater liquidity and openness of credit in the marketplace. This bill is one step in that direction, so I commend both gentlemen for their efforts in that regard.

I've been on the floor, I guess, for the last few days now, and I've heard Members from the other side of the aisle repeatedly coming to the floor, saying, Where are the jobs bills? We haven't had any jobs bills come through.

Here is certainly one of the pinnacles of the jobs bills that we've been talking about that this House has passed already and that today we will pass going forward.

What this bill will do is provide, as has already been indicated, to both small and big businesses the opportunity to get the wherewithal to start their businesses, grow their businesses, expand their businesses—and to do what after that? Create jobs. That's what this is all about.

We just had a litany of people come to the floor, one right after the other, just as the sponsor of the bill has done.

He is someone who started out with probably not much in his pockets but was able to get that all together and probably get some capital outside of that as well—and do what? Create a business. It wasn't a one-man operation, I'm sure. He then brought people into that business. He created jobs. The other speakers who came to this floor, they created jobs as well. As the other side of the aisle has already indicated, this bill will create jobs.

Now, one of the other things this bill does is to create certainty in the marketplace, which is something that has been a problem over the last couple of years with all of the legislation and regulation that has been coming out of Washington. This will provide some degree of certainty in the marketplace so that investors and business owners will understand how they can get into the credit marketplace and then do so.

I know a little bit later from now we may see some attempts to amend this bill which would go in just the opposite direction. What would it do? It would provide more uncertainty in the marketplace; it would provide more convolution to the system; and it would make it even more difficult to do what we're trying to do today.

Support this bill clean as it is right now in order to create more jobs for the American public.

□ 1530

Mr. MCCARTHY of California. Mr. Speaker, I yield 1 minute to the former chairman of the Small Business Committee, who has never stopped working to create good-paying jobs for northern Illinois, Mr. MANZULLO.

Mr. MANZULLO. Mr. Speaker, I hear complaints from our small business constituents back home about the difficulty in raising capital. Today we have an opportunity to fix one aspect of this problem so that our Nation's small businesses can obtain the funds that they need to hire workers.

Current law bars companies from raising capital through unsolicited advertisements. Requiring potential investors to have an existing relationship with a particular company limits the pool of potential investors and hampers the efforts of small companies who have a great idea to raise much-needed capital to expand and hire workers. This bill would make an exemption in the advertising ban for accredited investors. H.R. 2940 will make it easier for companies to raise capital without putting less sophisticated investors at risk.

As a former chairman of the Small Business Committee, I urge my colleagues to support H.R. 2940. The bill will help small gazelle firms raise capital during these difficult economic times.

Mr. MCCARTHY of California. Mr. Speaker, I yield 1 minute to a Member who is leading the way in encouraging job creation in Ohio's 15th Congressional District, Mr. STIVERS.

Mr. STIVERS. I would like to thank the gentleman from California for

yielding me time and for his leadership on this issue.

I want to voice my support for the Access to Capital for Job Creators Act. This is straightforward legislation that provides a simple method for job creators to find funding for their businesses. This legislation will allow entrepreneurs to advertise their investment opportunity to accredited investors and to solicit investment without being subject to costly and burdensome regulations. This exemption would only apply to general solicitations or advertising if the buyers are accredited investors, those people that have \$1 million net worth or an income above \$200,000. This leaves protections in place for those who may be less sophisticated investors. Simply put, this bill helps finance job growth in America by connecting small businesses and job creators with sophisticated investors while keeping protections for less sophisticated investors.

Mr. MCCARTHY of California. Mr. Speaker, I yield 1 minute to a new Member who knows firsthand how to create jobs through his work—he has employed over 100 people—the gentleman from Butler, Pennsylvania (Mr. KELLY).

Mr. KELLY. I rise in strong support of this piece of legislation. This is so commonsense. This is so basic. It is as basic as blood is to the body, the access to capital for small businesses, the ability to raise capital in hard times.

I will tell you right now the biggest inhibitor right now to us creating jobs is the uncertainty. And for anybody in small business to go to a bank right now and say, I need to borrow money, I want to buy equipment, I want to invest in inventory, you know what they're met with: we are not sure we can do that. With the new rules and regulations, we don't know them yet, so we have to kind of hold back on that.

But you know what, we need access to that capital if we are to succeed. If we are to move forward as a country, we need to unleash those bonds that are keeping us moored by them, and we can do it.

This legislation is commonsense. And as I said earlier, this is the same as blood is to the body. Access to capital for small business is absolutely critical. It has to be done now. There is great bipartisan support for it.

Mr. MCCARTHY of California. Mr. Speaker, it is my pleasure to yield 1 minute to the Member whose top priority in Washington is getting the Granite Staters back to work, the gentleman from Manchester, New Hampshire (Mr. GUINTA).

Mr. GUINTA. I thank the gentleman for yielding the time.

Mr. Speaker, you know all too well that Granite Staters are still hurting in this economy, as are many other Americans. One thing we can do as a body in a bipartisan way is to continue to bring jobs bills to this floor and vote them out in a bipartisan way, as the

country has asked. And we are doing that today. The leadership that Mr. MCCARTHY and Ms. WATERS have both demonstrated is an opportunity for this country to get greater access to capital, to get innovators and job creators the ability to hire quicker, for those like our own Dean Kamen to continue to find the next revolutionary way to change our State and our Nation.

This is a great opportunity for us to reform an old piece of legislation, going back to 1933, update it to make sure it meets the required standards of 2011 for the new job creators of tomorrow. And I am thrilled to support it, and I look forward to more job creation bills to come to this floor for us to vote on and get our country moving back in the right direction.

Mr. MCCARTHY of California. Mr. Speaker, this bill represents an important step towards unleashing the potentials of entrepreneurs and small businesses. We must all remember, an entrepreneur never takes a job from someone. They only create them. Today we're going to unleash them.

I urge all my colleagues to join me in this bipartisan effort to help promote small businesses' capital formation by supporting the underlying bill.

I yield back the balance of my time.

Ms. JACKSON LEE of Texas. Mr. Speaker, I rise today in support of H.R. 2940, "Access to Capital for Job Creators Act," to remove the prohibition against general solicitation or advertising on sales of non-publicly traded securities, provided that all purchasers of the securities are "accredited investors." Requires the Securities Exchange Commission to write rules on how an issuer would verify that the purchasers of securities are accredited investors.

The legislation before us today is designed to encourage companies to advertise in order to attract additional capital which will allow them to invest and hire additional employees. As part of a broader effort to tie the financial regulatory environment to U.S. job creation and economic competitiveness. The bill amends section 4(2) of the Securities Act of 1933 to permit use of public solicitation in connection with private securities offerings.

At present, the Securities and Exchange Commission (SEC) rules (including Rule 506) create a "safe harbor" for companies that want to issue private securities to raise an unlimited amount of money from an unlimited number of accredited investors (and up to 35 other investors). However, the safe harbor does not permit the use of general solicitation or advertising to market these securities. This measure requires the SEC to revise Rule 506 within 90 days to provide that companies can use general solicitation or advertising to market these private securities, providing that all purchasers of the securities are accredited investors.

In addition, it mandates SEC to write rules requiring issuers using general solicitation to verify that investors are accredited, rather than rely on investor self-certification, as is currently permitted. In addition to a number of different types of institutions, an "accredited investor" is an investor with more than \$1 million in assets excluding the primary residence,

or an annual income greater than \$200,000 for an individual and \$300,000 for a couple.

Before us is a measure that will allow companies to more easily raise capital by removing restrictions on general solicitation and advertising for certain private securities. It fairly balances the need to ease capital formation to spur job creation, with a provision to better protect investors by putting greater responsibility on the issuer.

One of the more important provisions in the bill is to ensure the identities of investors. The onus is on the issuer to verify that an investor actually is eligible to purchase the offered securities. Currently, investors only self-certify that they have \$1 million in assets or make \$200,000 a year to qualify to purchase the private security.

This has created the balance we need to ease restrictions on capital formation with protecting investors from fraud. NASAA continues to oppose the private offering process generally, which does not provide notice to the States, and therefore opposes this bill. This bill will ease a regulation that implements stipulations on garnering investors and capital.

Without access to investors and capital, Houston native Michael Dell would not have been able to start one of the most successful computer retail businesses in the world. His \$1,000 primary investment in the 1980s allowed Dell Computers to become a household name. Without this capital, America would not have had one of its premier innovators.

The economic impact of this legislation is encouraging. Businesses require investors and capital in order to expand and flourish. When businesses are presented with this opportunity, jobs are created that in turn, will stimulate economic growth. Dell's headquarters alone employs roughly 16,000 people.

I urge my colleagues to join me in supporting H.R. 2930, "Entrepreneur Access to Capital Act"; this will ease SEC restrictions in order to stimulate our economic recovery and job creation.

The SPEAKER pro tempore. All time for debate on the bill has expired.

AMENDMENT OFFERED BY MR. MILLER OF NORTH CAROLINA

Mr. MILLER of North Carolina. I have an amendment at the desk.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 4, line 9, insert before the period the following: "and the person offering or selling such securities utilizing the general advertising or general solicitation permitted by such rules discloses in any advertising materials connected with such offering or selling any bonus compensation structures and 'golden parachute' severance packages that the person has provided to executive officers, directors, or other principals of the person".

The SPEAKER pro tempore. Pursuant to House Resolution 453, the gentleman from North Carolina (Mr. MILLER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from North Carolina.

Mr. MILLER of North Carolina. Mr. Speaker, this amendment will require a disclosure that if there are going to be unregulated solicitations, unregulated advertisements asking for investments in these companies, at the very

least, the advertisement or the solicitations should reveal if they are to disclose if there is a compensation agreement with the executives or a golden parachute severance package and what those are so that investors won't find that they are buying into a company that, if it does make a profit, there are already contracts in place that will make sure all those profits go to the executives who are there and not to the investors.

We've heard all manner of glowing praise for the kinds of small businesses that might benefit from this bill. I think the gentleman from Illinois referred to these as gazelle companies.

Mr. Speaker, there has been a bad history of flim-flams that have taken investors' money. The reason that we have investor protections is not just because of the self-aggrandizing ambitions of regulators. It is because there has been a history of abuse, and that abuse discourages capital from coming. No one is going to want to invest when there have been well publicized examples of investors who put their money into unregulated companies like these, like what this bill would create and lost their entire investment because it all was grabbed by a handful of executives.

And these disclosures are even more important because these companies will not be subject to the say-on-pay rules under the financial reform legislation passed and signed into law just last year. And we've already seen from the experience on say-on-pay that there remain real abuses of executive compensation. Even though many companies have changed their practices and have made them more transparent because they are worried about putting their pay practices to a vote of the shareholders, they fear disapproval, and they've changed their practices.

But even with that, about 2 percent—which is actually a pretty big number—get turned down. And they all get turned down for pretty much the same reasons. There is no connection between pay and performance. There are poor pay practices, like long-term benefits without any kind of a performance measure. There are bonuses that were way too easy to achieve, that the bar was set very, very low. There are performance measures that make no sense or simply that there was poor disclosure of what the compensation was, or the compensation was simply too much for the size of the company and what others in the industry are paying.

These companies will not have say-on-pay. They will not get a chance to vote on executive compensation, and they might find that they have bought into a company that has pay practices already in place, executive compensation contracts, golden parachute contracts that really ensures that even if the company does prove to be profitable, they won't get the benefit of the profits. It will all go to the executives who are selling them investments, who

are encouraging them to invest in those companies.

□ 1540

These are obviously very, very helpful disclosures. This is important information for investors, and honest small businesses should not hesitate in the least to provide it.

STATE OF NORTH CAROLINA, DEPARTMENT OF THE SECRETARY OF STATE,

November 3, 2011.

Re H.R. 2930—"Entrepreneur Access to Capital Act of 2011"

Hon. MELVIN WATT,
Rayburn HOB,
Washington, DC.

DEAR REPRESENTATIVE WATT: I am writing to express my concern with H.R. 2930, the Entrepreneur Access to Capital Act, which could be voted on by the House this week. This legislation, intended to promote an internet-based fundraising technique known as "crowd-funding" as a tool for investment, will preempt state investor protection laws and weaken important investor protections.

Crowdfunding is an online money-raising strategy that began as a way for the public to donate small amounts of money, often through social networking websites, to help artists, musicians, filmmakers and other creative people finance their projects. The concept has recently been suggested as a way of assisting small businesses and start-ups looking for investment capital to get their business ventures off the ground.

Soliciting charitable donations from strangers online to advance a goal or cause is one thing. Selling shares in a business online to strangers who expect to realize a potential return on their investment is something very different.

H.R. 2930 contains a preemption provision that would prohibit my agency from requiring the filing or disclosure of information about these investment opportunities before they are offered to the public in my state. I believe enacting this preemption would be a serious mistake because, based on our previous experience, many of the crowdfunding opportunities will be targeted at Mom and Pop retail investors. The authority to require filings is critical to my office's ability to "get under the hood" of an offering to make sure that it really is what it says it is.

I appreciate efforts by Congressman Ed Perlmutter (D-CO) to work with the bill's sponsor to produce a bipartisan amendment that would alleviate the states' concern with the preemptive provisions of H.R. 2930. Unfortunately, the Perlmutter-McHenry Amendment made in order by the Rules Committee on November 2 does not achieve this goal. Indeed, by simply clarifying that states "retain jurisdiction . . . to investigate and bring enforcement actions with respect to fraud or deceit," the amendment essentially restates the preemptive provisions as they existed in the original bill.

H.R. 2930 may be well intended, but I am concerned that it could create serious enforcement challenges and potentially open the door to the possibility of significant increases in investment fraud. Small businesses are vital to job growth and to improving the economy in our state, but by displacing significant safeguards currently provided by the crucial role of state securities regulators. Congress could enact policies intended to strengthen the economy that have precisely the opposite effect.

As North Carolina's top investor protection official, I urge you not to support H.R. 2930 in its current form. I understand the North American Securities Administrators

Association (NASAA), of which I am a member, is already hard at work on a state level model rule on crowdfunding that would preserve a state's ability to prevent scam artists from using crowdfunding offerings as the latest method for ripping off Main Street investors. I urge you to remove the state pre-emption section from the bill.

Thank you for your attention to this important matter. Please don't hesitate to contact me if I may be of any assistance, or if you or your staff have questions regarding the legislation in question.

Sincerely,

ELAINE F. MARSHALL,
Secretary of State.

I yield back the balance of my time.

Mr. McCARTHY of California. Mr. Speaker, I rise to claim the time in opposition.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. McCARTHY of California. Mr. Speaker, I yield myself such time as I may consume.

The gentleman from North Carolina's amendment goes against the very purpose of this bill. This amendment would force private companies raising capital to actually face stiffer regulations than public companies regarding compensation. The Securities and Exchange Commission doesn't require public companies selling to retail investors to put this in their advertising, and even Dodd-Frank did not go this far.

With Ms. WATERS' help, we made sure that this bill specifically targets only sophisticated Securities and Exchange accredited investors. The SEC has no authority to regulate the compensation of executives at private companies. At a time when the costs and benefits of regulations are so important, the Miller amendment would fail anyone's cost benefit analysis. I, therefore, urge my colleagues to reject this amendment.

I yield 1 minute to the gentlelady from New York, NAN HAYWORTH.

Ms. HAYWORTH. Mr. Speaker, I would like to add to my colleague's comments by noting that shareholders in major public corporations, major issuers of public stock have said over and over again that they do not find that the amount of capital that would have to be devoted, the amount of resources that would have to be devoted to unusual disclosures about executive compensation beyond what the SEC rules already require prior to Dodd-Frank actually make any difference to their decisions about investing at all. So you can certainly expect that accredited investors who are sophisticated will not need this kind of additional burden to be placed on companies that clearly they want to see thrive and grow with the precious capital that they have.

Mr. McCARTHY of California. Mr. Speaker, the purpose of H.R. 2940 is to help facilitate capital for small business. This amendment flies directly in the face of that effort. I urge my colleagues to oppose the amendment.

I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to the rule, the previous question

is ordered on the bill, as amended, and on the amendment offered by the gentleman from North Carolina (Mr. MILLER).

Mr. McCARTHY of California. Mr. Speaker, I ask unanimous consent that the Speaker may postpone further proceedings on the amendment offered by Mr. MILLER of North Carolina to H.R. 2940 as though under clause 8(a)(1)(A) of rule XX.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from North Carolina (Mr. MILLER).

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. MILLER of North Carolina. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the previous order of the House, further proceedings on this question will be postponed.

ENTREPRENEUR ACCESS TO CAPITAL ACT

Mr. MCHENRY. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on H.R. 2930 and to insert extraneous material thereon.

The SPEAKER pro tempore (Mr. GARRETT). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 453 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 2930.

□ 1545

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 2930) to amend the securities laws to provide for registration exemptions for certain crowdfunding securities, and for other purposes, with Mr. BASS of New Hampshire in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from North Carolina (Mr. MCHENRY) and the gentleman from Colorado (Mr. PERLMUTTER) each will control 30 minutes.

The Chair recognizes the gentleman from North Carolina.

Mr. MCHENRY. Mr. Chairman, I yield myself such time as I may consume.

When I'm at home in western North Carolina, I hear frequently from my constituents, from small businesses,

that they have a very difficult time raising capital in these very challenging times that we're in. And over 2 years into an economic recovery that is struggling, America's labor and capital markets continue to face unprecedented challenges. Nearly 14 million Americans remain officially unemployed, with an additional 11 million underemployed. And small businesses continue to struggle to access capital despite an endless number of government initiatives.

The origin of these barriers to capital formation rests in two Federal securities laws—the Securities Act of 1933 and the Securities Exchange Act of 1934—that have not been substantially updated since a gallon of gasoline cost 10 cents and only 31 percent of households owned a telephone. Today, a gallon of gas, as we know, costs about 35 times more per gallon than it did then, and nearly every American owns a telephone. In fact, most people have the Internet in their pocket.

So while the comparison of then and now is nostalgic, the ramifications of not modernizing our securities regulations have led to registration and reporting requirements so onerous and costly that small companies have great difficulty raising capital.

For instance, if a startup company offers an equity stake to investors through a medium like Facebook or Twitter, it is presumably in violation of SEC regulations for that communication and offering. However, soliciting money for one's favorite charity or even a political candidate through the same Internet medium is perfectly legal. So, clearly, something is not right.

Furthermore, high net worth individuals can invest in businesses before the average family can. And that small business is limited on the amount of equity stakes they can provide investors and limited in the number of investors they can get. So, clearly, something has to be done to open these capital markets to the average investor, and that's what the Entrepreneur Access to Capital Act is all about.

It removes the SEC restrictions on crowdfunding to allow entrepreneurs and small businesses to raise capital from everyday investors. Already prevalent in Europe and Asia, crowdfunding has proven that broadening the communication investment capabilities between investors and entrepreneurs can have a positive impact and a positive effect on capital formation which is the lifeblood of a strong and growing economy.

Specifically, my bill will allow companies to pool up to \$1 million without the expense of registering with the SEC or up to \$2 million if the company provides investors with audited financial statements. Individual contributors are limited to \$10,000 or 10 percent of the investor's annual income, whichever is less.

In addition, H.R. 2930 creates a regulatory structure of investor protection