

HERE'S HOW YOU CAN HELP WITH CONGRESS:

Contact Your Congressional Representatives:

For Members of the House: www.house.gov/representatives/find/#listrep

For Members of the Senate: www.senate.gov/general/contact_information/senators_cfm.cfm

Once you have identified your representatives, follow the online procedures to send your letter.

Sample Text (feel free to modify):

Dear (Representative) (/Senator) _____:

I am a member (or leader) of _____, an angel group based in _____, and I am writing to ask you to let the SEC know that its new and proposed rules permitting startups to use general solicitation when raising capital, will cause drastic harm to both angel investors and the companies they support. Please ask the SEC to clarify its new Rule 506 and to withdraw its proposed changes to Regulation D and Form D. Without these actions, the impact of these rules will paralyze angel investing and effectively shut many startups and other small businesses out of the Regulation D sector of the capital markets.

Our angel group has more than ____ members, all of whom are accredited investors. Angel investors such as ourselves form the backbone of the startup economy. Collectively, our members have funded more than ____ deals in start-ups and early-stage companies. Many of these companies have gone on to raise additional capital and continue to positively impact the economy.

I recognize that the JOBS Act required issuers to take “reasonable steps to verify” that investors are accredited when relying on Rule 506(c). However, “reasonable steps” should not include disclosure of personal financial information by angel investors already well known within the startup community. Active angel investors are both accredited investors and knowledgeable about angel investing. This combined fact set is richer than the “check-the-box” method prohibited by Congress.

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Our angel group members work closely with entrepreneurs over long periods (often years) to provide essential “mentorship capital” and support in addition to financial backing. If angels are required to navigate cumbersome and costly requirements to provide private financial data to every startup in which we invest, we will go elsewhere. Angels invest our own funds – we are not hedge funds or private equity managers – which have extensive infrastructure already in place to help determine whether a limited partnership investment is suitable for a potential accredited investor.

I respectfully request the Commission take two actions: Withdraw the proposed rules, and additionally provide guidance in regard to Rule 506(c), to the following effect:

If an issuer verifies that a purchaser is a member of an established angel group or is otherwise actively engaged in the startup community and also provides written representation that he or she is an accredited investor, the issuer will have met the verification requirement of Rule 506(c).

Thank you for your help.

Sincerely,