To Whom It May Concern:

Given my personal experience and circumstances, I have been vocal about the need for alternative, non-financial, criteria that allow one to qualify as an "accredited" investor and participate in private placements on an unrestricted basis.

Back in February 2014, I published an article on TheStreet.com and posted a public comment with SEC requesting alternative, non-financial, criteria that allow sophisticated investors to qualify as "accredited"--and making the case that the current standard both unfairly limits access to these securities to the detriment of some investors that the SEC is charged with protecting while simultaneously limiting capital formation to the detriment of the "real" economy. I also participated in the 2014 Small Business Forum Accredited Investor Breakout Group, and argued for the alternative qualification criteria recommendation that was ultimately included in the final report and referenced by the SEC Staff Report on the Review of the Definition of "Accredited Investor". Despite the clear progression in the Commission's thinking since the 2013 GAO Report on the accredited investor definition, for which no input was solicited from individual investors unfairly excluded from private markets by virtue of their income or net worth, I have been disappointed with the lack of regulatory reform over the three years since that report was published.

It is rare, in today's polarized political climate, to see a bill receive nearly universal bipartisan support in the U.S. House of Representatives. However, H.R.2187, the Fair Investment Opportunities for Professional Experts Act, which passed in the House of Representatives with a 347 – 8 vote, has been languishing in the Senate Committee on Banking, Housing, and Urban Affairs since February. The bill, which would allow investment advisers, brokers, and those with verified professional experience relevant to a particular investment, to qualify as accredited investors would at least be a step in the right direction towards expanding access to private placements to sophisticated investors.

The benefits of expanding access are clear, while the new "accredited investors" would be likely to be more sophisticated, and hence less reliant upon robust investor protections, than many in the existing pool of accredited investors. An expanded pool of "accredited investors" (including "experts" in industries that historically have had a harder time raising money from established angel investors—who tend to be concentrated in specific geographic regions and industry sectors) would improve access to capital among early stage businesses. Meanwhile, newly eligible "accredited investors" would have access to new asset classes (such as private equity) that some argue have a history of outperformance.

It is just nonsense that the SEC views somebody who inherits $1.1 million of liquid assets as better able to "fend for him or herself" in the world of private placements than professional broker/dealers, investment advisers, or former venture capital investment professionals. The lack of alternative, non-financial, criteria that allow one to qualify as an "accredited investor" only adds to the perception that the rich have preferential access to investment opportunities that others do not. Whether through licensure/registration, professional experience, or a "sophistication test", a mechanism should be provided to allow those who can demonstrate an appropriate level of sophistication to have access to private placements on an unrestricted basis.

Sincerely,

Leonard Grover

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