

ES142086

Martin, Brenda J.

From: Boney, Virginia (L. Graham) [Virginia_Boney@lgraham.senate.gov]
Sent: Tuesday, July 03, 2012 11:59 AM
To: Martin, Brenda J.
Subject: FW: JOBS Act Amendment
Attachments: SKMBT_C65212062612540.pdf

Brenda-

Thanks so much for your help with this! Attached is the letter Jim forwarded to Senator Graham. I don't see a meeting request explicitly in this letter, so not sure if they followed up with a meeting request, or if the Senator is making the initial request.

Mr. Apple, if at all possible, would like to have a meeting Chairperson Shapiro to discuss the importance of this issue to small business as laid out in the letter. Participants would be Jim Apple, CEO; Buck Waters, Chairman, and John Napier. If the Chairperson is not available, they would like an appointment with perhaps the General Counsel or whomever else would be in charge of drafting the regulations.

Any help would be greatly appreciated!

Happy early 4th -

Virginia

Virginia Boney
Deputy Director of Appropriations and Projects
Office of Senator Lindsey Graham
(202) 224-5972



Burroughs & Chapin *Company Inc.*

June 26, 2012

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Via Electronic Mail

Dear Chairman Schapiro:

Thank you for the opportunity to submit this letter in regards to recently enacted Title V, Private Company Flexibility and Growth, of the Jumpstart Our Business Startups Act ("JOBS Act").

I am writing as President and Chief Executive Officer of Burroughs & Chapin Company. Headquartered in Myrtle Beach, Burroughs & Chapin Company is one of South Carolina's largest private land owners and a leading source of exceptional residential and resort development, commercial development and leasing, property management, and sports, entertainment and recreation offerings. Burroughs & Chapin Company has been a closely-held family-owned company for more than 100 years. It is a sixth generation business with approximately 250 shareholders and an expanding shareholder base.

As a family business, Burroughs & Chapin Company has been dedicated throughout its history to building and improving the communities in which we do business. The company makes a conscious effort to return our profits to the communities through contributions, leadership and volunteerism to create stronger and healthier places to work and live. The company has made major monetary and land donations in communities where we operate. Much of this is made possible by shareholder dividend income channeled to numerous civic, religious and charitable causes.

Over the years, we have made a positive difference wherever we have operated. But we can continue to do so only to the extent that we maintain a favorable business environment where government regulations do not impede our company's growth and economic activity.

While the JOBS Act's recent amendment to Section 12(g) of the Securities Act of 1934 increasing the threshold for registration of private companies to 2,000 shareholders is beneficial to our company, the inclusion of an alternative threshold of 500 non-accredited investors effectively negates much of this benefit.

With a family oriented shareholder base, a large majority of the company's share transfers are to lineal descendants or other relatives through gift or bequeath. At any one time, there may be multiple generations of family members who are shareholders that did not purchase their shares for material consideration and do not own other significant assets necessary to meet the definition of an

“accredited investor”. Therefore, a large majority of our stock transfers result in additional non-accredited investor shareholders, but without any material diversification of our shareholder base beyond the current family units.

Unless beneficial rules of interpretation are adopted, under the new legislation, our company may soon exceed the 500 non-accredited investor threshold requiring public registration simply due to these family transfers. Our accountants have estimated that once reaching the Section 12(g) threshold, it will cost our company an additional \$1 million annually in accounting and legal fees. Moreover, required registration under the Securities Act will restrict the flexibility with which management can communicate with our shareholders and will add other significant accounting costs to the normal course of business activity. It will formalize otherwise informal activities within the company and add layers of paperwork and record-keeping. These implications, we believe, are an unintended consequence for family businesses like ours and a hindrance to economic recovery.

To alleviate these undesirable effects of the new legislation, we would like to propose the following for the Commission’s consideration:

- (i) For purposes of determining “held of record” and “accredited investor” under the revised Section 12(g)(1)(A) of the Securities Act, all lineal descendants owning shares shall deemed one shareholder of record.
- (ii) For purposes of determining “accredited investor” under the revised Section 12(g)(1)(A) of the Securities Act, any person receiving shares by gift or bequeath from an accredited investor shall be deemed an “accredited investor”.

We believe these rulemaking proposals are entirely consistent with existing principles of the Securities Act, and that the need for registration and public financial reporting upon exceeding a threshold number does not increase simply because stockholders have engaged in intra-family transfers.

We appreciate the Committee’s bipartisan efforts to address this problem which is confronting small businesses like ours, and we are available to answer any additional questions from the Committee or from staff as you consider these issues further.

Sincerely,

BURROUGHS & CHAPIN COMPANY, INC.



James W. Apple, Jr.
President and Chief Executive Officer