

InSitech, Inc.

May 28, 2014

The Honorable Mary Jo White, Chairman
US Securities and Exchange Commission
100 F St NE
Washington, DC 20549

RE: Accredited Investor Definition

Dear Chairman White:

I represent a federal Partnership Intermediary (per 15 USC 3715) and am writing to urge the SEC to protect angel funding by retaining the existing financial thresholds in the current accredited investor definition. Early-stage companies depend on accredited angel investors for essential support enabling them to innovate, grow and create jobs on virtually every main street in America. Accredited “angels” are vital to the startup eco-system, providing some 90 percent of the outside equity to promising, innovative young businesses. Angel investor backed companies are also a crucial segment of the Non-Traditional supplier base where the US Department of Defense seeks and finds game-changing emerging technologies that are not being developed anywhere else.

If financial thresholds were significantly raised from the current \$1 million in net worth or \$200,000 in income, the result would be a reversal in this trend of capital formation, innovation and job growth. According to both the Commission and the General Accounting Office, an increase to \$2.5 million for net worth, advocated by some, would eliminate nearly 60 percent of current accredited investors. The startup ecosystem would be devastated by a dramatic shrinkage of this vital investor pool, especially in regions where venture capital is not prevalent. Such a contraction could stall local economic development, university technology initiatives, and innovation. At the same time, millions of Americans would instantly lose the opportunity to participate in the innovation economy that is largely the purview of companies raising funds privately from accredited investors.

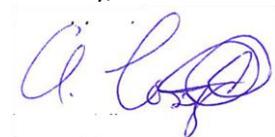
Given the need for capital formation in the early-stage sector, and the need to balance access to investment opportunity with investor protection, I urge the SEC to adopt the following approach:

- Maintain the current financial thresholds (\$200,000 income per individual; \$300,000 for joint filers, or \$1 million net worth not including primary residence) for individuals to qualify as accredited investors.
- Incorporate the concept of “sophistication” for individuals who do not meet the above thresholds into the definition, to further expand the accredited investor pool to include those with the experience and knowledge in regard to this type of investment.

Such an approach will continue to provide investor protection while also recognizing the growing role and importance of accredited investor investment in innovation and growth that are essential to serve the public interest, sustain our nation’s economy, and keep our defenses strong.

Thank you for your consideration.

Sincerely,



Alex Coccoziello
Vice President