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COMMITTEE ON HOMELAND SECURITY  
SUBCOMMITTEE:  
TRANSPORTATION SECURITY, RANKING MEMBER

COMMITTEE ON THE JUDICIARY  
SUBCOMMITTEES:  
CRIME, TERRORISM, HOMELAND SECURITY  
AND INVESTIGATION

COURTS, INTELLECTUAL PROPERTY AND  
THE INTERNET

SENIOR WHIP

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1802

July 25, 2014

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The Honorable Mary Jo White, Chairman  
US Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549-1090

Dear Chairman White:

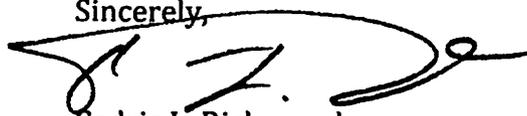
As the Securities and Exchange Commission continues to explore the calibration for the definition of accredited investor, I wanted to express my concerns about the possible impacts on capital formation in my district if this calibration does not achieve proper balance. There are startup companies in my district and in my home state of Louisiana that depend on investments from persons and entities that rely upon the certainty provided by the current definition of accredited investor. It is important for the Commission to keep job creation in mind as it moves forward because Congress did not intend for job creation to be upset when it required the SEC to study this issue to assess the need for any changes.

During the Dodd-Frank debate, I understand that Congress affirmatively acted to ensure that startup firms would be able to continue to access capital as the exploration of this issue progressed. Congress decided that the Commission should study the issue in depth to assess the definition "for the protection of investors, in the public interest, and in light of the economy." I think this provides the proper context for this process.

I applaud the Commission's stated approach of considering alternative "opt in" standards for addressing the accredited investor definition on the basis of sophistication in understanding of the risks and rewards extant in exempt offerings. I encourage it to leverage this kind of approach to this issue which contemplates the complexities in today's investment environment. I also applaud the Commission's work to implement the JOBS Act which seeks to exclude bad actors and, along with many existing state and federal laws, provides significant additional protection and remedies in any instances of fraud or abuse.

With these issues in mind, I hope the Commission will finely calibrate any decisions around expanding the accredited investor definition in order to achieve investor protection and capital formation for young innovative companies.

Sincerely,



Cedric L. Richmond  
Member of Congress