
Description Information

Short Description Comments/Complaints about SEC, SRO and SIPC Processes and Programs - SEC rulemaking: complaints about

Description Chair Mary Schapiro
SEC Headquarters
100 F Street, NE
Washington, DC 20549
(202) 942-8088
e-mail: help@sec.gov

Re: Officials Raise Concerns About Lifting Advertising Ban

Dear Chair:

Additional investor safeguards should be considered before the Securities and Exchange Commission goes ahead with a rule lifting the ban on the general solicitation of private offerings.

Commissioner Luis Aguilar "said he wants to scrap the proposal altogether and start from scratch." Addressing an SEC Forum on Small Business Capital Formation, Commissioner Elisse Walter spoke in more general terms. "We must be vigilant about the potential consequences, particularly unintended consequences, of a significant change like this, and consider ways to mitigate potential harms to the investors while preserving the rule's intended benefits."

The SEC's initial proposal, issued in response to a provision of the Jumpstart Our Business Startups (JOBS) Act, "would greatly loosen strict advertising rules to make it easier for hedge funds, private equity funds and other firms to raise capital in the private market."

Since that time, consumer and investor advocacy organizations, as well as state securities regulators have widely criticized the draft, saying it would open the floodgates for fraud. They said the draft failed to even contemplate some of the basic protections they had proposed to the SEC prior to its release, such as amending the definition of 'accredited investor' to make sure unsophisticated people are not captured and tweaking the filing rules so the commission can collect data on solicitation practices to help it police the marketplace.
Thank you for the opportunity to bring these remarks to your attention.

Yours sincerely,
Robert E. Rutkowski

cc: House Minority Leadership

