November 20, 2012

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

Dear Chairman Schapiro:

We write today regarding the ongoing implementation of the Jumpstart Our Business Startups Act ("JOBS Act"). As the Securities and Exchange Commission (SEC) promulgates final rules, particularly on Rule 506 of Regulation D, we are hopeful the agency will closely adhere to congressional intent and lessen the current regulatory burden on America's job creators.

As stated in the proposed rulemaking, Rule 506 would provide that the prohibition against general solicitation and general advertising contained in Rule 502(c) of Regulation D would not apply to offers and sales of securities made pursuant to Rule 506, provided that all purchasers of the securities are accredited investors. The proposed amendment to Rule 506 would also require that, in Rule 506 offerings that use general solicitation or general advertising, the issuer take reasonable steps to verify that purchasers of the securities are accredited investors.

During a recent hearing on the JOBS Act, it became clear that there are significant concerns over the direction the agency is possibly considering as it relates to Rule 506. New complex regulatory regimes regarding verification of investor accreditation is not an approach lawmakers had in mind when the JOBS Act was passed.

Investor protection is clearly a top priority. However, investors are protected when they have additional places to invest their money and earn a return. The intent of the JOBS Act was to lower regulatory barriers to facilitate capital formation rather than create additional obstacles. As the SEC finalizes rules on Rule 506 of Regulation D, we are hopeful it will retain current reasonable belief standards.

As the economy continues to recover from the financial crisis, businesses need additional avenues to grow and create jobs. Congress passed the JOBS Act to ensure that over burdensome regulation does not strangle innovation and job creation. Specifically, the JOBS Act would ease the burden of capital formation on entrepreneurial growth companies that have traditionally served as the U.S. economy's primary job creators.

To fulfill the goals of the law, particularly relating to Rule 506 of Regulation D, we respectfully request the agency refrain from implementing new requirements on investor accreditation that add cost, complexity, and ultimately restrict access to capital to businesses. Thank you for your
consideration of this request and please contact if we can be of any further assistance in clarifying Congress' intent regarding the JOBS Act.

Sincerely,

Scott Garrett
Chairman
Capital Markets and
GSE Subcommittee

Kevin McCarthy
Majority Whip

Patrick McHenry
Chairman
TARP, Financial Services and
Bailouts of Public and
Private Programs Subcommittee