

From: Eric January, CPA, Author of the *Mo'Sense* book series

Re: S7-25-19

I would like to thank the SEC commissioners who are providing an opportunity to comment on the proposed changes to the accredited investor definition. This is a subject that I've discussed in seminars and with clients since 2001. My first book, *Mo'Sense* (book 1 of 3), that was published in 2005 devotes several pages to the topic. Although it is advisable to add more people to the accredited investor definition, this doesn't go far enough. What I believed nearly twenty years ago as a CPA, financial educator and minister that motivated me to let my securities licenses lapse hasn't changed. Not only should professionals like CPA's and CFA's be included in the definition, the entire investing public should have those privileges. I state that because I recognized some time ago that the accredited investor definition is unjust and therefore must end.

The reasons for my opinion are based on fact; they are not prejudiced with institutionalized cultural biases that discount the potential of an informed and properly educated marketplace. In addition to being discriminatory, this accredited investor definition must be abolished along with several provisions of the Securities and Exchange Act of 1933 for a fundamental economic reason. We can't afford the current legislative rules that hinder the formation of capital and that handicap non-accredited investors from being able to accumulate wealth by limiting their ability to fund, own and sell viable, unregulated investment options at a time when private pensions are going extinct, and workers are more responsible for providing for themselves in retirement.

This current SEC administration and the previous presidential administration acknowledged that fact by passing the JOBS Act. So, what I ask (and I'm speaking for many others) is this: Don't half do it, or take another baby step in the right direction of freeing the market of the tyranny of needless regulation! Make an historic statement by eliminating each aspect of the securities laws that does not (as stated in this proposal) "promote capital formation and expand investment opportunities." This would put regulations on the right side of history in compliance with the US Constitution protecting our most basic human right.

Article 10, Section 1 of the US Constitution specifically prohibits "titles of nobility" like those used in England such as King, Queen, and Prince. The problem is that the Securities Act of 1933 did just the opposite of what many of the framers desired by establishing what is effectively an American title of nobility, the accredited investor. The major difference between the United States' "accredited investor" title and Europe's is that it is not exclusively based on bloodline; however, the rights that it confers on the holders is "significant."

As stated in the text in the proposed regulation:

Qualifying as an accredited investor is significant because accredited investors may, under Commission rules, participate in investment opportunities that are generally not available to non-accredited investors, such as investments in private companies and offerings by certain hedge funds, private equity funds, and venture capital funds.

Because of what the law allows accredited investors and those who need to raise capital to do (when only marketing to accredited investors) is significant, no one's rights should be abridged. Everyone, millionaires and non-millionaires, should be at liberty to invest without the government's intrusion. I don't buy the argument that masses are unsophisticated and will get taken advantage of and therefore need the government's protection. Sure, some people will get taken advantage of, some rich and some not so rich. Nothing will change that. I've worked with, read, and heard about too many rags-to-riches stories over the course of nearly 30 years as a financial professional, who have made it by making sound investment and business decisions. I believe that even more could achieve this American dream if the government wasn't interfering with the process.

As I stated in my 2005 book, non-accredited investors are essentially monitored as if they are mentally-impaired adults. The reality is that non-millionaires are not mentally impaired nor should they be treated as children who need the government's protection while those with money can invest in whatever they want, however much they want, when they want. This is separate and unequal treatment.

The primary legacy of institutionalized, governmental discrimination between accredited and non-accredited investors has been to exponentially contribute to the growing wealth inequality in this nation and around the world. It has tilted the playing field in favor of a connected, wealthy accredited minority who historically get in early at wholesale prices and sell at retail to systemically deprived, non-accredited retail investors for exponential gains during IPO's. This injustice must end just as the slavery of my African ancestors in United States had to in 1865.

In conclusion, including more professional credentials, designations, spouses and knowledgeable employees is advisable but woefully insufficient. All people should be able to invest as they please, in what they please and how much they please. Proper investor education (such as what I provide) is the best way to protect investors from loss and fraud. Those who need capital or who market investments should be able to do so without needing to meet an arbitrary net worth requirement that is not an accurate measure of their investment acumen. Again, eliminating everything that doesn't "promote capital formation and expand investment opportunities" is the only just way that our nation and world will ever reach its full potential.

Eric January, CPA
CEO, Conduit Investment Advisors, LLC