

Jeff LaBerge Responds to SEC Request for Comments San Diego CA

Release Nos. 33-10734; 34-87784; File No. S7-25-19 "**Amending the 'Accredited Investor' Definition**"
CLASSIFICATION: For Public Release

The Accredited Investor model has been a very successful in providing access to capital for small and medium-sized funds and business as well as allowing investors access to alternative investments with less correlation to the volatile public markets. Thus, I commend the SEC's efforts to expand this the definition of the accredited investor and add additional qualifying categories.

Accredited Investor:

The accredited investor definition, which currently means a natural person earning \$200,000 over the past two years, or one with a net worth over \$1 million, is the benchmark criteria for most of the registration exemptions. Those individuals who meet these criteria have significantly more access, to a wider range of investment opportunities. However, non-accredited individuals are barred from participation in many exempt offerings, even if in reality they can understand and afford the risk of the investment. In other words, a person who exceeds one of these criteria is presumed to have the knowledge to invest in any number of exempt investments. Whereas, the individual who falls just \$1 below the thresholds, is excluded from the investment.

Notwithstanding the above, the proposed rule is contemplating other factors to determine broader accreditation for individual investors. These include holding a minimum number of investments, professional credentials, investing experience in exempt offerings, or passing an accredited investor examination.

I believe that the current eligibility criteria alone are not the best measure of an investor's sophistication. Therefore, I agree with the SEC proposed expansion of the accredited investor definition to accommodate individuals who have a demonstrated knowledge and understanding of these types of investments and/or specific industry or issuer knowledge. As such, I offer the below comments to select categories:

I fully support the proposed addition of new categories to the definition that would permit natural persons to qualify as accredited investors based on certain professional certifications (i.e. CFA, CPA, CFP, etc.), designations or credentials from an accredited educational institution.

Individuals advised by financial professionals may also qualify as accredited investors. In certain circumstances, this is reasonable. The caveat is that many of these professionals may be proficient in public market analysis, but not qualified to advise on many exempt offerings. As such, I believe the threshold for accredited investor status should still focus on the individual investor.

To a certain extent, I believe with respect to investments in a private fund, based on the person's status as a "knowledgeable employee" of a fund should also qualify as accredited investors.

I believe the addition of "family offices" with more than \$5 million in assets under management as well as any affiliated "family clients," should qualify as accredited investors.

The addition of the term “spousal equivalent” to the accredited investor definition, so that spousal equivalents may pool their finances for the purpose of qualifying as accredited investors would also be welcomed.

Last, I also support amending the definition of “qualified institutional buyer” in Rule 144A(a)(1)33 to include a new entity type that exceed the \$100 million minimum to prevent any ambiguity between the types of entities that are eligible for accredited investor status and those that are eligible for qualified institutional buyer status.

Respectfully submitted by,

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