



815 SIXTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006

RICHARD L. TRUMKA  
PRESIDENT

ELIZABETH H. SHULER  
SECRETARY-TREASURER

ARLENE HOLT BAKER  
EXECUTIVE VICE-PRESIDENT

## **LEGISLATIVE ALERT!**

(202) 637-5057

March 22, 2012

Dear Senator:

On behalf of the AFL-CIO, I am writing to urge you to vote for Amendment #1931 to the "Jumpstart Our Business Startups (JOBS) Act" (HR 3606). The JOBS Act will allow much larger, more established companies to avoid SEC registration and oversight than is permissible under current law. As a result, it will undermine investor protections that are critical to safeguarding the retirement savings of America's workers from fraud and other risks.

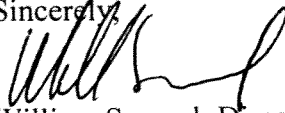
By allowing extremely large companies, with tens of thousands of investors to avoid having to comply with Securities Exchange Act of 1934, the JOBS Act not only permits these companies to avoid all public disclosure obligations. It also exempts these companies from all federal regulation regarding mergers and acquisitions. This would mean that a firm like Bain Capital could execute a leveraged buyout of a very large company without providing shareholders with any information about the acquisition. It would also allow buyout firms to manipulate the market while making a tender offer for shares (executing the buyout), exposing shareholders to precisely the risks of manipulation and abuse that the Federal securities laws were put in place to stop.

Amendment #1931 offered by Senator Reed would limit the ability of large companies to avoid public reporting by eliminating the ability of companies to group together large numbers of beneficial owners as a single shareholder of record. It would address a long-standing problem whereby the number of investors counted for purposes of determining whether a company must register with the SEC has no relationship to the actual number of investors who own a beneficial interest in the stock of that company.

The Reed Amendment is essential to ensure that companies with large and diverse investor bases provide necessary transparency to the markets. We urge you to vote YES on Amendment #1931.

Unfortunately, these changes are not sufficient to avoid the harm that the JOBS Act would have on our capital markets if it becomes law. The U.S. capital markets are among the safest and most liquid in the world because they afford vigorous investor protections. HR 3606 would unleash a new wave of damaging fraud in the private offering market, make it easier to commit accounting fraud, reignite the abusive securities analyst practices that fueled the tech stock boom and bust, undermine comparability of financial reporting, and enable the Regulation A small offering exemption to be gamed by mid-sized companies seeking to evade public reporting requirements, and create a myriad of additional problems. For these reasons, we urge you to vote NO on the JOBS Act.

Sincerely,

A handwritten signature in black ink, appearing to read "William Samuel". The signature is fluid and cursive, with a prominent initial "W" and a long, sweeping tail.

William Samuel, Director  
Government Affairs Department