



March 19, 2012

**Protect Investors, Ensure Transparency, Enforce Market Integrity:
Support the Reed-Landrieu-Levin Amendment to the JOBS Act (H.R. 3606)**

Dear Senator:

On behalf of The Leadership Conference on Civil and Human Rights, we write to express our support for the Reed-Landrieu-Levin Amendment to the JOBS Act (H.R. 3606). We oppose H.R. 3606 because, as the experience of the past several years has shown, all Americans have a stake in protecting investors, ensuring transparency, and enforcing market integrity. While the Reed-Landrieu-Levin Amendment does not address every problem with the JOBS Act, it represents a significant improvement over the House-passed bill. **We urge you to support cloture on the Reed-Landrieu-Levin Amendment.**

The Reed-Landrieu-Levin Amendment improves H.R. 3606 in a number of important respects:

- It narrows the scope of H.R. 3606's IPO (initial public offering) on-ramp, which currently gives all but a handful of the very largest companies going public up to five years to come into compliance with regulations designed to prevent accounting fraud and errors, ensure financial statements of reporting companies are comparable, prevent the securities analyst excesses that led to the tech stock bubble and bust, and give shareholders a say in executive compensation practices at the companies they own. The amendment would narrow the definition of "emerging company" and limit the bill's exemptions for such companies.
- It takes steps to ensure that crowd-funding, *i.e.* using the Internet to fund business ventures, does not become a new mechanism for classic small stock "pump-and-dump" schemes. It would require offerings to be made through appropriately regulated Internet portals, requiring financial and other information about companies to be provided to potential investors, and ensuring that investors receive adequate warnings about risks.
- It balances the bill's dramatic hike in the ceiling for offerings sold to the general public under the Regulation A exemption with new requirements for audited financial statements, pre- and post-offering disclosures, and a negligence-based legal remedy. Importantly, it limits companies to using the Regulation A exemption only once every three years, thus limiting the potential for this exemption to be abused by companies seeking to evade the full registration and reporting requirements appropriate to public companies.
- It takes the more cautious approach recommended by experts to raising the shareholder threshold that triggers important registration and periodic reporting requirements, by raising the threshold slightly, eliminating employees from the count, and requiring beneficial owners to be included in the count. These changes should dramatically reduce the potential for the severe reduction in market transparency likely under the House bill.

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- It removes the ban on general solicitation in private offerings, requiring issuers and offerers to take reasonable steps to ensure that the offerings are only sold to accredited investors. While we continue to believe removing the general solicitation ban is dangerous and unwarranted, this approach should at least help to prevent the worst of the abuses that would be unleashed by the House bill.

For these reasons, we urge you to vote “yes” on cloture on the Reed-Landrieu-Levin Amendment to H.R. 3606. If cloture is not invoked, we urge you to oppose the underlying bill. Thank you for your consideration. If you have any questions, please contact Senior Counsel Rob Randhava at (202) 466-6058.

Sincerely,



Wade Henderson
President & CEO



Nancy Zirkin
Executive Vice President