

United States Senate

WASHINGTON, DC 20510-4705

April 22, 2010

The Honorable Christopher Dodd, Chairman
Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Chairman Dodd:

Thank you for your strong leadership on the Senate Banking Committee and your commitment to reforming our financial system. As the Restoring American Financial Stability Act, S. 3217, moves to the floor of the Senate, I look forward to working with you to ensure that we put in place the much-needed reforms to protect investors, consumers, and taxpayers from excesses on Wall Street.

We know that reforming Wall Street is necessary to our ongoing economic recovery. We need reform to refocus our financial system away from gambling on toxic assets and opaque financial innovations and toward investing in the real economy. Wall Street and the financial industry must facilitate investments in small businesses, clean energy companies, manufacturers, and high-tech companies that will create the good jobs we need. With this in mind, I write to express my concerns that certain provisions of the reform bill could have a negative impact the angel investing that many start-up business rely upon to access capital so they can grow and create jobs.

Angel investing was not the cause of the financial crisis, but it will play a crucial role in the economic recovery. While we must protect investors and remain vigilant in guarding against future risks to our financial system, we should take great care to not unnecessarily disrupt the market for start-up capital for emerging businesses. I am concerned Section 926 of S. 3217 could delay and disrupt the process of raising start-up capital for our job creators. It is appropriate to target bad actors who abuse the private placement process, but it is my hope we can do so without impeding the flow of capital to new businesses.

My fear is that the current requirement in Section 926 for the SEC to review all private placement filings is unworkable and will result only in a 120-day delay in the financing process without improving investor protection. I understand the desire for enhanced regulatory oversight of private placement offerings, but this oversight must be balanced with the needs of the marketplace. I urge you to continue working with the angel investing community to satisfy their concerns. I hope this issue can be resolved before the bill leaves the Senate, and I look forward to working with you on this issue.

Sincerely,



Maria Cantwell
United States Senator

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