Fund Democracy
Consumer Federation of America
Consumer Action
AFL-CIO
Americans for Financial Reform

May 24, 2012

FILED ELECTRONICALLY

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F St., N.E.
Washington, DC 20549-1090

Re: JOBS Act Rulemaking: Title II

Dear Ms. Murphy,

We are writing on behalf of Fund Democracy, Consumer Federation of America, Consumer Action, AFL-CIO and Americans for Financial Reform to comment on the Commission's pending rulemaking under Section 201(a)(1) of the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"), which requires that the Commission remove the ban on general solicitation and advertising ("GS&A") for private offerings conducted pursuant to Securities Act Rule 506. In summary, we believe that the Commission will need to make substantial additional amendments to ensure that Rule 506 offerings continue to be consistent with the requirement in the statutory provision under which it is promulgated that such offerings not involve "any public offering."

There is no question that, in addition to the removal of the GS&A ban, the Commission is required to amend Regulation D[1] to identify "reasonable steps" that issuers that engage in GS&A activities are required to follow to ensure that only accredited investors are purchasers. Notwithstanding industry requests that the Commission ignore this express mandate in Section 201(a)(1) of the JOBS Act, we believe that the Commission has no discretion in this respect and must comply with Congress's command to enhance the standards under which issuers confirm purchasers' accredited status.

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[1] The term "Regulation D" is used herein to refer only to rules governing offerings pursuant to Rule 506.

[2] Accredited investors generally include, among others, individuals with annual income in excess of $200,000 ($300,000 for married couples) or net worth in excess of $1 million, and a variety of institutions. *See* Rule 501(a). Purchases by up to 35 non-accredited, financially sophisticated investors are permitted as well, provided that additional written disclosure is provided. *See* Rule 506(b)(2)(i).

[3] Letter from Sean Davy, Managing Director, SIFMA, to Elizabeth Murphy, Secretary, SEC (Apr. 27, 2012)

We also believe that the Act in no way affects the necessity of ensuring that Rule 506 offerings are consistent with the authority under which Rule 506 was adopted. Section 4(2) covers only "transactions not involving any public offering," a requirement that will be, at least, strained by the elimination of GS&A ban in Rule 506. While Congress has made it clear that it believes that Rule 506 offerings can permit GS&A consistent with Section 4(2), it notably did not amend Section 4(2)'s prohibition on public offerings or otherwise dictate the Rule's terms (with the exception of the "reasonable steps" requirement). The SEC's obligation to ensure that Rule 506 as a whole is consistent with Section 4(2) remains unchanged.

On that basis, there is no question that the elimination of the GS&A ban, along with the substantial diminishment of investor protection that this will entail, necessitates substantial revisions to Rule 506 to ensure that investors are adequately protected from the resulting increase in fraudulent conduct. As the Commission previously has found, the accredited investor standard for natural persons is too low, especially where relaxing GS&A restrictions are being considered. We believe that, at a minimum, the accredited investor standard must be raised substantially to maintain the position that Rule 506 is consistent with Section 4(2). In addition, we believe that the Commission should require advance filing of Form D for issuers that engage in GS&A activities, consider deeming non-accredited investors ineligible to participate in all Rule 506 offerings, and strengthen recordkeeping and filing requirements regarding purchasers' accredited investor status.

Finally, we are concerned regarding the SEC's rulemaking priorities. As the Commission is aware, many deadlines for rulemaking and other actions under the Dodd-Frank Act have passed without SEC action. The same critics of that Act who applaud the delay in effecting the express commands of Congress now urge the Commission to divert resources to rulemaking under the JOBS Act, the deadlines for which are facially unreasonable and not yet passed. We strongly oppose the use of SEC resources for JOBS Act rulemaking as long as mandatory rulemaking under the Dodd-Frank Act has not been completed.

JOBS Act "Reasonable Steps" Requirement

Section 201(a)(1) of the JOBS Act requires that rules promulgated under Rule 506 be amended to provide that the prohibition against GS&A in Rule 506 not apply to offers and sales "provided that all purchasers of the securities are accredited investors."[2] The next sentence in that provision the Act states:

> Such rules shall require that issuer to take reasonable steps to verify that purchasers of the securities are accredited investors, using such methods as determined by the Commission.

[2] Accredited investors generally include, among others, individuals with annual income in excess of $200,000 ($300,000 for married couples) or net worth in excess of $1 million, and a variety of institutions. *See* Rule 501(a). Purchases by up to 35 non-accredited, financially sophisticated investors are permitted as well, provided that additional written disclosure is provided. *See* Rule 506(b)(2)(i).

This provision unambiguously mandates rulemaking that requires that issuers take reasonable steps to confirm that purchasers of securities are accredited investors. Although the broker-dealer industry argues, as a policy matter, that it is not necessary to mandate specific "steps" in this respect, Congress decided otherwise.[3] The industry position that the Commission need not take any action in light of this direct Congressional mandate directly contradicts the plain text of the statute.

There can be no doubt that Congress intended what it prescribed: that the Commission tighten the standards for determining whether an investor was accredited. As the Commission is well aware, Rule 501(a) already provides that the term "accredited investor" includes persons whom the "issuer reasonably believes" comes within any of the rule's enumerated categories. The rule does not identify any specific steps that issuers must take to satisfy this standard. The JOBS Act's new requirement is exactly that – a *new* requirement that the Commission is required to incorporate into Regulation D.

This reading of the reasonable-steps rulemaking provision is also required by analysis of Section 201(a) as a whole. Less than 100 words after expressly requiring "reasonable steps" to ensure that Rule 506 purchasers are accredited investors, the JOBS Act again refers to the "reasonable belief" standard for a different offering exemption – but pointedly says nothing about any "reasonable steps" requirement. Section 201(a)(2) requires that GS&A be permitted for offerings under Rule 144A where all purchasers are eligible under that Rule, just as Section 201(a)(1) authorizes GS&A in Rule 506 offerings. Section 201(a)(2) also requires that sellers "reasonably believe" that Rule 144A purchasers are eligible investors, but it notably does *not* require that issuers or sellers take "reasonable steps" to confirm investors' status.

The purpose of this difference between otherwise parallel amendments to private offering rules could not be clearer. Congress appreciated that Rule 506 offerings create a much greater risk of participation by unsophisticated investors than Rule 144A offerings and accordingly raised the standard that applies to sales under Rule 506. Rule 144A is limited to qualified institutional buyers, which are generally institutional investors with at least $100 million in investments, whereas Rule 506 permits not only accredited investors with only $200,000 in income ($300,000 for married couples) or $1 million in net worth (minus the value of the primary residence) but also up to 35 non-accredited investors who are subject to no wealth requirements at all. Congress decided not to impose a "reasonable steps" requirement on Rule 144A offerings because sales to qualified institutional buyers simply do not raise the level of investor protection concerns that exist for Rule 506 offerings. Congress's intent that the Commission raise the "reasonable belief" standard for Rule 506 offerings in light of the removal of the GS&A ban could not be clearer.

In contrast, the broker-dealer industry perceives no difference between Rule 506 and Rule 144A offerings and offers no explanation for the different positions in Section 201(a)(1) and (2).[4] Rather, it argues that it is "generally accepted that certification by an offeree as to its

[3] Letter from Sean Davy, Managing Director, SIFMA, to Elizabeth Murphy, Secretary, SEC (Apr. 27, 2012) *available at* http://sec.gov/comments/jobs-title-i/general/general-18.pdf.

[4] *See id*.

status as an accredited investor or a qualified institutional buyer provides a basis for a reasonable belief and believe that such certification should constitute reasonable steps for purposes of Section 201(a) of the JOBS Act."[5] The conflation of the standards that should apply under Rules 506 and 144A is flatly inconsistent with the current provisions of those rules, the express distinction made in the text of Section 201(a), and any semblance of rational public policy. Nor is it clear to us how a *purchaser's* having taken steps in the form of providing a certification could satisfy a requirement for the *issuer* to take steps, as Section 201(a)(1) specifically requires.

The necessity of raising the "reasonable belief" standard for Rule 506 offerings is as much a matter of good public policy as it is nondiscretionary compliance with an express Congressional mandate. Permitting GS&A activities in connection with private offerings will substantially increase the likelihood that unsophisticated investors will be lured into fraudulent or unsuitable investments. It therefore is necessary to adopt stronger measures to ensure that only accredited investors make purchases.

Indeed, Congress had good reason to lack confidence in the current legal standards regarding investors' accredited status. In a 2007 release, the Commission stated that its "experience indicates that some issuers may not have taken appropriate measures to satisfy their obligation under Rule 501(a) to form a reasonable belief that a prospective purchaser satisfied the definition of accredited investor."[6] Thus, Congress was rightfully concerned that such noncompliance with the "reasonable belief" standard warranted stronger measures in light of the JOBS Act's elimination of the GS&A ban. We may provide separately comments on specific "reasonable steps" that the Commission should consider.

Additional Investor Protection Measures under Rule 506

We believe that additional measures are necessary to ensure that investors are adequately protected and the integrity of capital markets maintained. The SEC's experience with its Rule 504 amendments illustrates the potential for increased fraud that eliminating the GS&A ban will create. [7] In 1992, the Commission eliminated the GS&A prohibition for offerings under Rule 504, which permits offerings of up to $1 million. It subsequently found that the elimination of the GS&A contributed to an increase in microcap fraud. The Commission restored the GS&A prohibition, in part because it was concerned that "small businesses could be unfairly impacted by the taint that might attach to Rule 504 offerings."[8]

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[5] *Id.* at 6 – 7.

[6] *Revisions of Limited Offering Exemptions in Regulation*, Securities Act Rel. No. 8828 at 38 (2007) ("Revisions of Limited Offering Exemption") *available at* http://www.sec.gov/rules/proposed/2007/33-8828.pdf.

[7] *Revision of Rule 504 of Regulation D, the "Seed Capital" Exemption*, Securities Act Rel. No. 7541 (May 21, 1998) ("If the microcap market, or offerings under Rule 504, become stigmatized as unsavory, legitimate small businesses may become less able to raise money as investors lose confidence in the market and in the integrity of those making such offerings.") *available at* http://www.sec.gov/rules/proposed/33-7541.htm.

[8] *Id.*

The potential for GS&A activities to facilitate fraud are even greater today than in 1990s. In restoring the Rule 504 GS&A prohibition, the Commission specifically noted that "market innovations and technological changes – most notably, the Internet – have created the possibility of nationwide markets for these exempt securities that were once thought to be sold only locally."[9] Since the Commission expressed this view, the Internet – and its power to disseminate false information – has grown exponentially.

The elimination of the GS&A ban removes a fundamental premise of the Securities Act's registration regime. The Act relies primarily on the regulation of offering activities by prohibiting all offers prior to the filing of a registration statement and strictly regulating all written offers once the registration statement has been filed. General solicitation and advertising activities therefore are generally permitted only if a registration statement has been filed, which provides a strong practical constraint on the ease with which fraudulent offers can reach their victims.

Removing the GS&A ban from Regulation D eliminates this constraint by allowing the broad dissemination of securities offers with no requirement that any information, much less a standardized registration statement, be made available to investors. Regulators will no longer be able to implement the Securities Act's approach of regulating public offers through the simple, efficient mechanism of taking immediate action with respect to any public offers of unregistered securities. Because public offering activities as to unregistered securities would no longer be an automatic, actionable red flag for regulators, that monitoring mechanism will have been eliminated.

Moreover, eliminating the GS&A ban from Rule 506 undermines the very statutory exemption under which the Rule 506 safe harbor was adopted.[10] Rule 506 was adopted under the authority of Section 4(2) of the Securities Act, which provides an exemption for transactions "not involving any public offering." It is incumbent upon the Commission to take additional measures to ensure that Rule 506 continues to be consistent with the statutory authority under which it was adopted.

There is nothing in the JOBS Act that affects in any way the SEC's obligation to ensure that its rulemaking comports with the scope of its authority. While Congress has clearly has taken the position that the GS&A of private offerings *could* be conducted consistent with Section 4(2), it has taken no position regarding the terms under which this would be the case except to mandate that the Commission identify and require by rule the "reasonable steps" that issuers must take to ensure that purchasers of GS&A private offerings are limited to accredited investors. Congress simply established a minimum for additional investor protections that Rule

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[9] *Id.*

[10] *Non-Public Offering Exemption*, Securities Act Rel. No. 4552 (Nov. 16, 1962) ("Negotiations or conversations with or general solicitations of an unrestricted and unrelated group of prospective purchasers for the purpose of ascertaining who would be willing to accept an offer of securities is inconsistent with a claim that the transaction does not involve a public offering even though ultimately there may only be a few knowledgeable purchasers." (footnote omitted)).

506 must include (the "reasonable steps"); it expressed no view on whether that alone would be sufficient.

In other words, Congress did not deem GS&A to be inherently consistent with Section 4(2)'s prohibition on public offerings. In the "Consistency in Interpretation" provision of the JOBS Act, *see* Section 201(b), Congress did not state that unrestricted GS&A was consistent with Section 4(2). Rather, it stated that "[o]ffers and sales exempt under [Rule 506] as revised pursuant to section 201 of the [JOBS Act] shall not be deemed to be public offerings as a result of general advertising or general solicitation." Thus, there has been no change to the fact that only compliance with all of the requirements of Rule 506, as promulgated by the Commission, can insulate GS&A activities in connection with private offerings from liability. The JOBS Act does not affect the SEC's obligation to be able to conclude that the requirements of Rule 506 as a whole continue to support the basis of the exemption: that transactions under the Rule are "transactions not involving any public offering within the meaning of section 4(2) of the Act."[11]

We believe that the Commission can permit GS&A activities under Rule 506 without the offerings being "public offerings" under Section 4(2), but not without also adopting amendments that mitigate the inherently public-offering nature of GS&A activities. Congress's requirement that the Commission require specific "reasonable steps" to verify accredited investors' status is only a first, necessary step; it is not sufficient for the Commission to fulfill its statutory obligation to ensure that its rules are consistent with the authority pursuant to which they are adopted.

The accredited investor standard itself is one area in which Rule 506 reform is necessary to maintain the validity of Rule 506. The Commission has recognized that, even under the current GS&A ban, the accredited investor net worth and income tests are inadequate to ensure that investors are financially sophisticated or have sufficient wealth to bear large losses. In 2007, the Commission proposed increasing the accredited investor net worth/income minimums from $1 million/$200,000 to $2.5 million, noting that the current standards, if adjusted for inflation, were dramatically lower than the amounts considered appropriate when they were initially adopted.[12]

Moreover, in 2007 the Commission went on record as viewing a higher accredited investor standard as a condition of relaxing of the Rule 506 GS&A ban.[13] The Commission proposed to permit limited advertising of offerings that were sold only to "large accredited investors." Such investors who were natural persons were required to have at least $2.5 million in investments or $400,000 in annual income. If the Commission believes that such an increase

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[11] Rule 506(a).

[12] Revisions of Limited Offering Exemption, *supra*; *Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles; Accredited Investors in Certain Private Investment Vehicles*, Securities Act Rel. No. 8766 (Dec. 27, 2006) (noting that 1982 accredited investor standards have made investors eligible today who would not have previously been eligible and the increasing complexity of investments) *available at* http://www.sec.gov/rules/proposed/2006/33-8766.pdf.

[13] Revisions of Limited Offering Exemption, *supra*.

would be necessary for a *limited relaxation* of the GS&A ban, then it logically would take the position that an increase of at least that scale would be necessary for the *wholesale elimination* of the GS&A ban that the JOBS Act contemplates.

Furthermore, net worth and income limits elsewhere in the JOBS act strongly support an increase in the accredited investor standard. While the crowdfunding exemption would permit an investor with $1 million in investments to invest only $100,000 in all crowdfunding offerings combined, accredited investors can invest *100% of their net worth* in a single private offering. To impose more stringent limits on crowdfunding offerings where GS&A is *not* permitted than are imposed on private offerings where GS&A *is* permitted defies reason. Such an inconsistency between the crowdfunding requirements and Rule 506 could not be consistent with Congressional intent as expressed in the JOBS Act.

We believe the consideration of percentage limits on investments in *all* unregistered offerings is long overdue. As such, we could support income/net worth thresholds that were lower than the large accredited investor thresholds discussed above if the lower thresholds were counterbalanced by dollar/percentage limits on investors' allocations to unregistered securities. Such an approach would both increase investors' access to unregistered offerings (and issuers' access to capital) and provide greater real investor protection with respect to the downside risk that unregistered offerings present.[14]

At a minimum, the Commission cannot reconcile its longstanding positions on the inadequacy of accredited investor minimums and the relationship between those limits and the scope of permitted GS&A activities, as discussed above, with Rule 506 amendments that do not include increases in the natural person accredited investor minimums. The Commission has found that the current minimums are inadequate -- especially in the context of a relaxed GS&A ban. It cannot now find that the minimums are adequate where the GS&A has been entirely eliminated consistent with maintaining that Rule 506 continues to be a rational interpretation of Section 4(2)'s public offering prohibition. To reconcile this inconsistency and to ensure adequate protection for investors, the accredited investor income/net worth minimums should be increased to $400,000/$2.5 million and these minimums should be automatically adjusted to reflect inflation.

Additional steps will also be necessary to enable the Commission to amend Rule 506 consistent with the agency's authority under Section 4(2). As discussed above, eliminating the GS&A ban will prevent regulators from taking timely action with respect to such activities unless the communications are facially fraudulent. Regulators therefore need some means of being put on notice of offerings that raise this fraud risk. To address this concern, the Commission should require the filing of Form D at least 30 days prior to the earlier of any GS&A activities or any sales pursuant to which GS&A may occur in the future. This early

[14] We recognize that such limits may only be practicably enforced through intermediary regulation and therefore are particularly concerned that the JOBS Act has chosen to exempt from broker-dealer regulation private offering platforms. *See* Section 201(c). Nonetheless, this exemption does not apply to platforms' status as exchanges and/or transfer agents, and we expect the Commission to use its authority to protect investors and facilitate capital formation through these avenues as appropriate.

warning approach would also enable the Commission and state regulators to identify and target for closer scrutiny the GS&A activities of private offerings before they begin, while creating no additional filing burden for issuers. The Commission should also consider requiring disclosure of additional information in Form D about issuers that propose to engage in GS&A activities.

The Commission should also consider eliminating the exemption for all sales to up to 35 non-accredited investors even when no GS&A activities occur, or integrating all private offerings occurring subsequent to any GS&A activities. If the Commission permits issuers to make private offerings to non-accredited investors (in which GS&A would not be permitted) contemporaneously with GS&A activities pursuant to a "separate" private offering made solely to accredited investors, then those GS&A activities will effectively be used as an indirect means of marketing to the non-accredited investors. We note that the same problem will arise in crowdfunding offerings (in which GS&A is not permitted, *see* JOBS Act Section 302(b)) that are contemporaneous with GS&A activities in parallel accredited-investor offerings. Either such private offerings should be integrated, consistent with the integration of private and public offerings under Rule 152, or private offerings to non-accredited investors should no longer be permitted.

Finally, the Commission should enhance recordkeeping requirements as to the eligibility of non-accredited and accredited investors alike. The criteria for non-accredited investors and the reasonable belief standard for accredited investors are the kind of soft compliance factors that cannot be expeditiously evaluated by examiners. Enhanced recordkeeping as to the status of private offering purchasers would facilitate enforcement efforts by expediting and simplifying tests for compliance with sales restrictions.[15] In addition, the Commission should consider electronic filing requirements by issuers as to all purchasers in GS&A offerings. This might entail ongoing or periodic electronic filing of investor information with the Commission and state regulators that verifies accredited investor status, to include documentation of the "reasonable steps" that the final rulemaking requires.

The SEC's Rulemaking Priorities

As the Commission is aware, some critics of the Dodd-Frank Act have sought effective repeal of some of its provisions not through the democratic process of seeking amendments to the provisions with which they disagree, but by pressuring the Commission to delay or even abandon its statutory duty to comply with the express requirements of federal law. For example, members of Congress have questioned the SEC's exercise of "discretion" where the Dodd-Frank Act leaves no discretion for it to exercise, such as with respect to rules requiring conflict mineral disclosure.

[15] Eliminating non-accredited investors from Rule 506 eligibility also might reduce issuers' net compliance costs. Issuers and intermediaries may prefer not to have the option of selling to non-accredited investors (*e.g.*, friends and family of accredited investors) because of the increased compliance risk and costs (*e.g.*, the Rule 502(b) disclosure document) that such sales pose. Many issuers and intermediaries therefore might prefer to have their hands tied in this respect.

Members of Congress also have proposed cost-benefit analysis requirements that exceed those applicable to every other federal agency, their transparent intent being to further slow Commission rulemaking. At the same time, these critics have urged the Commission to adopt rules under the JOBS Act for which Congress conducted no cost-benefit analysis and no such analysis by the Commission is expected, even where Congress left the Commission substantial rulemaking discretion.

We are concerned that the SEC's slow pace on Dodd-Frank matters, while investing resources in other lower priority initiatives and testifying to its prompt efforts to implement the JOBS Act, creates at least the appearance of bowing to political expediency. We believe that leapfrogging rulemakings whose deadlines are months away ahead of rulemakings whose deadlines are months past, and, in some cases, cherry picking which Congressional mandates the Commission will even choose to follow, violates both the spirit and the letter of the law and is inconsistent with the SEC's duty to protect investors and facilitate capital formation.

We are also frankly concerned that the Commission is likely to bow to political pressure in rulemaking under the JOBS Act in ways that substantially undercut important investor protections that the Commission has assiduously defended for decades. For example, the JOBS Act requires that the Commission make discretionary determinations as to the implementation of dozens of standards that crowdfunding brokers must satisfy to permit offerings under that exemption. Supporters of the exemption, who consistently extolled its capital formation benefits while ignoring or dismissing the inevitable costs of diminished investor protection, now urge the Commission to abandon any pretense of evaluating the significant cost to investor protection that the exemption will impose.

We may comment separately on that rulemaking, but note here that it is difficult to imagine how the Commission, especially in view of its backlog of Dodd-Frank rulemakings for which statutory deadlines have passed, could possibly conduct, within the JOBS Act's absurdly tight deadlines (*e.g.*, 90 days for the amendments addressed in this letter and 270 days for rules implementing the crowdfunding provisions), a legally sufficient cost-benefit analysis that adequately considers the cost of increased fraud that the general solicitation and crowdfunding exemptions impose, as well as crowdfunding's potential long-term, adverse effects on capital formation among small issuers. As the Commission is aware, its own Advisory Committee on Small and Emerging Companies had strong misgivings regarding the crowdfunding exemption.

There is good reason to be concerned that the Commission will not be able to conduct a sufficient cost-benefit analysis of the adverse effects of permitting GS&A under rule 506. As discussed above, the Commission is required to identify "reasonable steps" pursuant to Section 201(a)(1) of the JOBS Act and, as a general matter, consider fully the broader question of what additional reforms are necessary to ensure that Rule 506 offerings continue to be consistent with Section 4(2)'s "public offering" prohibition. The Congressionally-imposed deadlines will permit only the most superficial estimates of the dollar costs of legal compliance while leaving unplumbed the larger question of the net effect of the SEC's rulemaking.[16] That has not been

[16] *See The SEC's Aversion to Cost-Benefit Analysis*, Hearing before the Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs, Committee on Oversight and Government Reform, U.S. House of Representatives (Apr. 17, 2012) (testimony of Mercer Bullard) (discussing the adoption of "investor protection rules

deemed to pass muster either by some courts or by many JOBS Act supporters in Congress who have in other contexts urged the agency to conduct more thorough economic analysis. Under the circumstances, we believe it is essential that the Commission avail itself of the flexibility in its approach to JOBS Act rulemaking deadlines that these same members have urged with regard to Dodd-Frank implementation.

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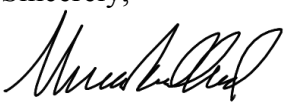
In conclusion, we appreciate this opportunity to comment on rulemaking under Section 201(a)(1) of the JOBS Act and to confirm the mandatory nature of the requirement to amend Rule 506 to identify the "reasonable steps" that issuers must take to ensure that they are selling only to accredited investors. As discussed above, we also believe that additional measures will be necessary to ensure that Rule 506 offerings are consistent with the authorizing statute's prohibition against "public offerings," and to protect investors in light of the increased incidence of fraud that is likely to accompany GS&A activities in private offerings. Finally, we fully expect that the SEC's rulemaking resources will be allocated consistent with Congressional mandates, as opposed to ephemeral political exigencies, prioritizing unfinished work under Dodd-Frank over JOBS Act implementation.

Thank you for your consideration of our comments.

Sincerely,



Mercer Bullard
President and Founder
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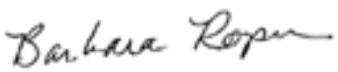
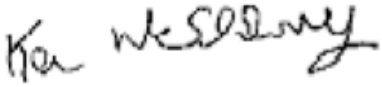


Barbara Roper
Director of Investor Protection
Consumer Federation of America



Ken McEldowney
Executive Director
Consumer Action

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based on a reasonable belief that the unquantifiable benefits of preventing and deterring fraud and misleading sales practices exceed the often quantifiable costs of compliance with the rules") *available at* http://oversight.house.gov/wp-content/uploads/2012/04/4-17-12-Bullard-Testimony.pdf.

Brandon Rees
Acting Director, Office of Investment
AFL-CIO

Lisa Donner
Executive Director
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cc by Email and/or U.S. Mail:

Honorable Mary Schapiro, Chairman
Honorable Elisse Walter, Commissioner
Honorable Luis Aguilar, Commissioner
Honorable Troy Paredes, Commissioner
Honorable Daniel M. Gallagher, Commissioner

Meredith Cross, Director, Division of Corporation Finance
Mark Cahn, General Counsel, Office of General Counsel