

Bill Summary & Status
112th Congress (2011 - 2012)
H.R.2930
Major Congressional Actions

H.R.2930

Latest Title: Entrepreneur Access to Capital Act

Sponsor: [Rep McHenry, Patrick T.](#) [NC-10] (introduced 9/14/2011) [Cosponsors](#) (5)

Related Bills: [H.RES.453](#)

Latest Major Action: 12/1/2011 Senate committee/subcommittee actions. Status: Committee on Banking, Housing, and Urban Affairs. Hearings held.

House Reports: [112-262](#)

MAJOR ACTIONS:

9/14/2011 Introduced in House

10/31/2011 Reported (Amended) by the Committee on Financial Services.
H. Rept. [112-262](#).

11/3/2011 Passed/agreed to in House: On passage Passed by recorded vote: 407 - 17 ([Roll no. 825](#)).

12/1/2011 Senate committee/subcommittee actions: Committee on Banking, Housing, and Urban Affairs. Hearings held.

SUMMARY AS OF:

9/14/2011--Introduced.

Entrepreneur Access to Capital Act - Amends the Securities Act of 1933 to exempt from the prohibitions against use of interstate commerce and the mails for sale or delivery after sale of unregistered securities, including unregistered security-based swaps, any transactions involving the issuance of (crowdfunded) securities for which: (1) the aggregate annual amount raised through such issue is \$5 million or less; and (2) individual investments in the securities are limited to an aggregate annual amount equal to the lesser of \$10,000, and 10% of the investor's annual income.

Authorizes an issuer to rely upon certifications provided by investors.

Amends the Securities Exchange Act of 1934 to exclude persons holding crowdfunded securities under this Act from application of "held of record" requirements with respect to mandatory registration of securities.

Amends the Securities Act of 1933 to exempt such crowdfunded securities from state regulation of securities offerings.

House Financial Services Committee Approves Crowdfunding Legislation with Added Investor Protections and Agreement to Preserve State Authority

With strong bi-partisan support building for crowdfunding legislation and the President calling for this form of capital raising, the full House Financial Services Committee approved legislation sanctioning crowdfunding to finance new businesses by allowing companies to accept and pool donations of up to \$1 million, or \$2 million in some cases, without registering with the SEC. Crowdfunding is an innovative and lower-risk form of financing that enables several individuals to pool money to invest in a particular company. Crowdfunding describes a form of capital raising whereby groups of people pool money, typically comprised of very small individual contributions, to support an effort by others to accomplish a specific goal.

The Entrepreneurial Access to Capital Act, HR 2930, was approved by a bipartisan voice vote as an amendment in the nature of a substitute by sponsor of the legislation Rep. Patrick McHenry (R-NC) that added a number of investor protections to the original bill. In addition, the legislation moved forward based on an agreement by Rep. McHenry and Rep. Ed Perlmutter (D-CO) to work in good faith on amendatory language preserving the authority of state regulators.

The Perlmutter Amendment, which would have struck out the provision on state pre-emption, was withdrawn so that he and Rep. McHenry can work out language preserving state authority, which would be inserted into the legislation before it goes to the House floor for a vote. Rep. McHenry said that the goal is to preserve state oversight authority while allowing capital formation across state lines through crowdfunding. Rep. Melvin Watt (D-NC) sought and received assurance that HR 2930 will not go to the House floor without an amendment preserving state authority. Similarly, Rep. Maxine Waters (D-CA) said that she could support the legislation if it comes to the House floor with such an amendment.

The Committee approved by voice vote an amendment proposed by Rep. Al Green (D-TX) that would preclude persons convicted of a violation of federal or state securities laws or subject to disqualification from such laws from participating in the crowdfunding exemption. Similarly approved was an amendment offered by Rep. Carolyn Maloney (R-NY) that would require notice of the issuance to state securities regulators.

In introducing her amendment, which passed by voice vote, Rep. Maloney said that, without notice, state authorities could not be certain of the address or the status of an issuer. Notice of who they are, where they are and what they intend to sell, she noted, would help states to police this area. Rep. McHenry expressed support for the amendment. Ms. Maloney added that state authorities must have the ability to go after fraud, and the bill as amended does not supersede state enforcement actions against fraud.

Originally, HR 2930 would have provided a crowdfunding exemption to SEC registration requirements for firms raising up to \$5 million, with individual investments limited to

\$10,000 or 10 percent of an investor's income. An amendment by Rep. Steve Stivers (R-OH), approved by voice vote, lowered the \$5 million threshold to \$1 million, or \$2 million if you have audited financial statements. Noting that crowdfunding is not the sole source of funding for startups, but only the first round, Rep. Maloney supported the Stivers Amendment lowering the amount from \$5 million to \$1 million.

The legislation is designed to provide smaller investors an opportunity to support startup companies that is currently not an option under SEC regulation. Rep. McHenry (R-NC) noted that new ideas are needed to help provide small businesses and entrepreneurs with the ability to create jobs. HR 2930 creates an exemption from SEC registration for crowdfunding. The legislation is similar to proposals advanced by the Obama Administration. Rep. Maloney noted that the legislation, as amended, is consistent with the President's proposal.

Separately, Committee Chairman Spencer Bachus (R-ALA) has urged the Joint Select Committee on Deficit Reduction to consider HR 2930 as one way to reduce the deficit by enhancing economic growth.

Amendments For H.R.2930

1. [H.AMDT.850](#) to [H.R.2930](#) Manager's amendment makes sundry technical and conforming changes.

Sponsor: [Rep McHenry, Patrick T.](#) [NC-10] (introduced 11/3/2011)

Cosponsors (None)

Latest Major Action: 11/3/2011 House amendment agreed to. Status: On agreeing to the McHenry amendment (A001) Agreed to by voice vote.

2. [H.AMDT.851](#) to [H.R.2930](#) Amendment adjusts for inflation the \$1 million and \$2 million caps on the aggregate annual amount raised through the issuance of securities.

Sponsor: [Rep Fincher, Stephen Lee](#) [TN-8] (introduced 11/3/2011)

Cosponsors (None)

Latest Major Action: 11/3/2011 House amendment agreed to. Status: On agreeing to the Fincher amendment (A002) Agreed to by voice vote.

3. [H.AMDT.852](#) to [H.R.2930](#) Amendment adjusts for inflation the annual cap of the individual investments in the securities.

Sponsor: [Rep Quayle, Benjamin](#) [AZ-3] (introduced 11/3/2011)

Cosponsors (None)

Latest Major Action: 11/3/2011 House amendment agreed to. Status: On agreeing to the Quayle amendment (A003) Agreed to by voice vote.

4. [H.AMDT.853](#) to [H.R.2930](#) Amendment sought to require crowdfunding intermediaries to disclose how they are compensated.

Sponsor: [Rep Velazquez, Nydia M.](#) [NY-12] (introduced 11/3/2011)

Cosponsors (None)

Latest Major Action: 11/3/2011 House amendment not agreed to. Status: On agreeing to the Velazquez amendment (A004) Failed by recorded vote: 189 - 234 (Roll no. 823).

5. [H.AMDT.854](#) to [H.R.2930](#) Amendment sought to require the Securities Exchange Commission to establish a website that provides the public with safety tips for investing in securities.

Sponsor: [Rep Barrow, John](#) [GA-12] (introduced 11/3/2011)

Cosponsors (None)

Latest Major Action: 11/3/2011 House amendment not agreed to. Status: On agreeing to the Barrow amendment (A005) Failed by voice vote.

6. [H.AMDT.855](#) to [H.R.2930](#) Amendment ensures that the States' securities regulators have the authority to police fraud, deceit, misrepresentation, and other unlawful behavior in order to protect investors.

Sponsor: [Rep Perlmutter, Ed](#) [CO-7] (introduced 11/3/2011)

Cosponsors (None)

Latest Major Action: 11/3/2011 House amendment agreed to. Status: On agreeing to the Perlmutter amendment (A006) Agreed to by voice vote.

Copy of Act Approved by the House and placed o the Senate Calendar:

<http://www.gpo.gov/fdsys/pkg/BILLS-112hr2930pcs/pdf/BILLS-112hr2930pcs.pdf>