

Johnson Opening Statement on Spurring Job Creation Through Access to Capital

WASHINGTON – Today, Senate Banking Committee Chairman Tim Johnson (D-SD) held a hearing on capital formation proposals to create jobs. The Committee reviewed a number of outstanding proposals and explored additional avenues to help small businesses.

Below is Chairman Johnson's statement as prepared for delivery:

“Our nation is facing an unemployment crisis. Nearly 14 million Americans are unable to find a job, and over 5 million have been unemployed for six months or longer. Here in Congress, putting our fellow Americans back to work should be, and must be, our top priority.

“The American people are frustrated, and rightfully so, by a political system that is bogged down in partisan battles. However, our focus today is an issue where I believe there is real potential for bipartisan cooperation, and for results.

“We are here to discuss how to help startups and businesses get access to the capital they need to grow and to create new jobs, while protecting investors.

“Today, the Committee is pleased to hear testimony from three of our fellow senators as well as expert witnesses who will talk about challenges that businesses and entrepreneurs can face when attempting to raise money by selling stock.

“The Committee will also hear about proposals and ideas that seek to improve existing securities laws. The witnesses will discuss the SEC's requirements for a person or company to sell securities to the public.

“They will also provide insight on proposals to expand the scope of Regulation A offerings, to permit general solicitation of investors in Regulation D offerings, and to allow individuals to solicit and sell small amounts of stock over the Internet through crowd-funding.

“They will address the size of a private offering and the amount of money that a crowdfunder should be able to risk without full regulatory protection. They will discuss the types of markets where these securities should trade. They will also describe the existing investors' safeguards, such as disclosures about the business and financials, and how current proposals would affect those safeguards.

“In addition, witnesses will review the requirements for banks and other companies with 500 or more shareholders “of record” to register with the SEC, which requires important information to be provided regularly to shareholders, and discuss whether the transparency is important to investors and appropriate for different types and sizes of companies.

“And additional ideas may be raised in the Committee's discussions. A recommendation that came up in a recent hearing, and which I have a strong interest in exploring, involves amending Regulation D to add American Indian tribes to the list of accredited investors.

“I want to thank Senator Shelby and his staff for their cooperation in developing this hearing. I think we agree that firms that are in a position to grow will seek to raise more capital if the process of selling stock is made easier and less costly. If they succeed, this can lead to more jobs and economic prosperity. At the same time, investors must be willing to buy the stock that businesses offer, and they are more likely to do so when they have enough reliable information and know that they are not at risk of being scammed.

“I look forward to the testimony of the witnesses and to working with my colleagues on both sides of the aisle to develop bipartisan legislative solutions that promote job growth and business expansion while protecting investors.”