

February 26, 2025

U.S. House Committee on Financial Services
Chairman French Hill
Ranking Member Maxine Waters
1229 Rayburn House Office Building
Washington, D.C. 20515

U.S. Senate Committee on Banking, Housing,
and Urban Affairs
Chairman Tim Scott
Ranking Member Elizabeth Warren
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairmen Hill and Scott and Ranking Member Waters and Warren,

We represent startup founders, investors, and members of the innovation ecosystem from industries and communities across the country. Access to capital remains one of the most significant barriers startup founders face. Founders need better pathways to raise the capital they need to launch and scale their startups and to serve as leaders in innovation and as job creators. To better unlock capital for startups in all communities, policymakers should expand the accredited investor definition so that more people can participate in private securities offerings.

Small businesses and startups are vital to the U.S. economy. There are approximately 35 million small businesses in the U.S., comprising 99.9 percent of all businesses and employing nearly 46 percent of the private-sector workforce.¹ Many of these businesses rely on early-stage capital to grow. But access to networks serves as a barrier to capital access for more than 70 percent of aspiring entrepreneurs.² The current accredited investor definition limits the pool of potential investors, restricting the flow of capital that could otherwise fuel innovation, job creation, and economic growth across communities. Expanding the definition will drive capital to U.S. startups, increase and expand participation in the startup ecosystem, and strengthen U.S. competitiveness in global innovation.

Presently, the vast majority of Americans are not eligible to fund early-stage startups. Some estimate that fewer than 19 percent of U.S. households meet the current thresholds to become accredited investors.³ The current accredited investor definition assumes that individuals without independent or generational wealth lack the financial knowledge to invest wisely, which is a flawed premise that ignores the proliferation and accessibility of investing education and guidance, professional experience, educational background, and financial literacy.

¹ U.S. Small Business Administration Office of Advocacy, *Frequently Asked Questions about Small Businesses, 2024* (July 23, 2024), <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/>.

² Jennifer J Schulp, *Sophistication or Discrimination? How the Accredited Investor Definition Unfairly Limits Investment Access for the Non-wealthy and the Need for Reform* (Feb. 8, 2023), <https://www.cato.org/testimony/sophistication-or-discrimination-how-accredited-investor-definition-unfairly-limits#the-accredited-investor-definition-harms-investors-and-entrepreneurs>.

³ The exact percentage is difficult to pinpoint given the limitations of available information. See: *Cydney Posner SEC issues staff report on definition of accredited investor* (Dec. 18, 2023), <https://cooleypubco.com/2023/12/18/staff-report-definition-accredited-investor/#:~:text=The%20report%20provides%20data%20on,%2C%20or%201.8%25%20in%201983..>

Moreover, the present income and net worth thresholds box out untold numbers of would-be investors and fail to account for common-sense factors, like cost-of-living (COL). High-income investors are concentrated in U.S. coastal metropolitan areas,⁴ meaning startups in rural or low COL regions may have less access to investors that meet the accreditation criteria.⁵ By expanding the definition to include more pathways, we can improve capital access for more founders, with investment stretching beyond coastal technology hubs.

Last Congress, this committee advanced and the House passed several pieces of capital formation legislation with bipartisan support, including multiple bills that would have expanded the pool of eligible investors in private offerings and clarified accreditation criteria.⁶ Americans need greater opportunity to build wealth, in part by investing in startups. And startups need more opportunity to access capital so that they can continue to drive American innovation and fuel job growth. We encourage you to once again take up legislation to allow more Americans to become accredited investors, unlocking startup capital and increasing economic opportunity for investors.

We thank you for exploring efforts to boost capital access for startup founders and expand participation in the startup ecosystem.

Sincerely,

⁴ Schulp, *supra* note 2; and Anthony Cimino, *Carta Policy Insights: Decoding the data | Accredited investor criteria* (July 9, 2024), <https://carta.com/blog/policy-insights-07-2024/>.

⁵ Schulp, *supra* note 2; and, Securities and Exchange Commission, “Amending the ‘Accredited Investor’ Definition,” Proposed Rule, <https://www.sec.gov/rules/proposed/2019/33-10734.pdf>.

⁶ House Financial Services Committee, House Passes Additional Slate of Bipartisan Financial Services Capital Formation Legislation (June 5, 2023), <https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=408841>.

1Huddle
Newark, NJ

5th Dimension Strategies
Overland Park, KS

A&R Solar
Tualatin, OR

Action Figure AI
Washington, D.C.

Active Capital
St. Louis, MO

Adam W. Barnery -Energy
Coach
Boston, MA

Adjunct Leadership
Consulting
Milwaukee, WI

Align Advisors
Old Greenwich, CT

American Business
Network
Dallas, TX

Andromeda Surgical
San Francisco, CA

Angel Capital Association
Easton, CT

Arizona Venture Capital,
Inc.
Phoenix, AZ

Arkansas Venture Capital
Little Rock, AR

Athaba Holding Inc.
Yonkers, NY

Attane Health
Kansas, MO

BAMco Enterprises LLC
Bloomington, IN

Bento Biology Platforms
Reston, VA

Biomedical Research
Laboratories
Tempe, AZ

Black Women Talk Tech
San Juan, Puerto Rico

CapGains Inc.
Coral Springs, FL

Capwave AI
New York, NY

Carefully
Brooklyn, NY

Center for American
Entrepreneurship
Great Falls, VA

CHALK Coaching
Gallatin, TN

Chi Tech Collective
Chicago, IL

Chikara Health Records
Lewes, DE

Christa B. Downey
Coaching LLC
Lansing, NY

Citrine Angels
Bethesda, MD

Clone Yourself
North August, SC

Cofounders Capital
Cary, NC

Cooley Creative LLC
Rochester, NY

Digital4Startups Inc.
Chicago, IL

Divinc
Austin, TX

DRW Life Skills Institute
Orlando, FL

Emergent Campus
Florence, CO

Engine
Washington , D.C.

Eskaud
Atlanta, GA

Esões Cosmetics Inc.
Las Vegas, NV

Event Vesta
Omaha, NE

Eyede Medical, Inc.
Baltimore, MD

FiCon Lab
Jacksonville, FL

FinToolbox
Boston, MA

Foundess
Boston, MA

FreeFuse
Woodland Hills, CA

FundBlackFounders
New York, NY

Global Urban Village
Seattle, WA

Gulf of South Angels
New Orleans, LA

Hacom LLC
Santa Ana, CA

Halcyon Venture Partners
Washington, D.C.

Harbright Managers LLC
Cary, NC

hobbyDB
Louisville, CO

Hollarhype
Boston, MA

Imperia Global LLC
New York, NY

InANutshell Consulting
Lexington, MA

Infiltron Software Suite
Warner Robins, GA

InvestorMatch.AI LLC
Corvallis, OR

Investor of Color LLC
Eules, TX

Junction AI
Bentonville, AR

Kabila
Alpharetta, GA

Kate Brigham Consulting
Boston, MA

KCRise Fund
Kansas City, MO

Keiretsu Forum Northwest
& Rockies
Seattle, WA

Launch NY
Buffalo, NY

Lua LLC
Portsmouth, RI

Lucy Technologies, Inc.
San Jose, CA

Lula Smarter Property
Maintenance, Inc.
Overland Park, KS

MediaFirst PR
Roswell, GA

Maine Center for
Entrepreneurs
Portland, MA

Make Startups
August, GA

Malfy Capital
Boston, MA

MediaTech Ventures
Austin, TX

Mindshift Capital
Cincinnati, OH

Miner Enterprise, LLC
Boston, MA

MITO Material Solutions
Indianapolis, IN

Mossy Ventures
Renton, WA

MRGN AI
New York, NY

My Panda
Atlanta, GA

National Small Business
Association
Washington, D.C.

Native Max Magazine Northglenn, CO	Prepare 4 VC Boston, MA	Startup Tucson Pennington, AZ
NeoTerra Capital Austin, TX	Queen City Angels Cincinnati, OH	STY Holding Inc. Mountain House, CA
New England Medics Innovation Center Providence, RI	Renee Santa Monica, CA	Swift Associates Portland, OR
Next Wave Impact Fund Cincinnati, OH	Robin Hood Ventures Philadelphia, PA	Tampa Bay Wave Tampa, FL
Nombolo Portland, OR	Rubitection Inc. Pittsburgh, PA	TBD Angels Boston, MA
Novy Cedar Rapids, IA	SBE Council Washington, D.C.	TCA Venture Group Palos Verdes Estates, CA
O’Ryan Health Wellesley, MA	Scroobious Boston, MA	Terrament Inc Brooklyn, NY
OnTrack Management Group LLC Lexington, KY	Sensagrate Scottsdale, AZ	The JumpFund Chattanooga, TN
Opengrants.io Folsom, CA	SixThirty CYBER Fund St. Louis, MO	The Pelican Angels Fund New Orleans, LA
PIE Portland, OR	Snaark AI Boston, MA	The Questus Group Decatur, GA
Pioneer1890 Alexandria, VA	Sonder VC San Carlos, CA	The RollingSouth Fund Greenville, SC
Pioneers 21 El Paso, TX	SportsVisio Dunbarton, NH	The VC 411 Washington, D.C.
Portelle Inc Eastchester, NY	StartEngine Crowdfunding Burbank, CA	TheraTec Horace, ND
	Startup Junkie Fayetteville, AR	TIE Scale Up Cambridge, MA

Tostie Productions LLC
San Diego, CA

TruPlay Games
Austin, TX

UBERDOC
Boston, MA

UpStart Collective
Portland, OR

Various Ventures
Hull, MA
VentureHue
Detroit, MI

Vitalize Venture Capital
Dover, DE

Voatz Inc
Boston, MA

Walker International
Transportation LLC
Valley Stream, NY

Zane Venture Fund
Atlanta, GA

Zella Life
Los Angeles, CA

cc: Members of the House Committee on Financial Services and Members of the Senate Committee on Banking, Housing, and Urban Affairs