

could potentially create a situation where an unlimited number of investors could be involved in a company and that company would still be able to remain private and not have to provide periodic reports under the Exchange Act.

Last year, for example, Goldman Sachs planned to create a special-purpose vehicle, basically a fund that could pool money from its clients, that would count as only one holder of record in Facebook. You can see how this could clearly circumvent the notion of how necessary it is to provide the reporting requirements for large companies, companies with a large shareholder basis. Our bill eliminates this loophole by clarifying that recordholders must be beneficial owners, while at the same time raising the shareholder cap from 500 to 750, to make it more contemporaneous. But we exempt employees from this recordholder trigger for public registration, and that will allow private companies that want to remain private, but want to reward their employees with shares to stock, the ability to do so without triggering the public reporting requirements.

Finally, the House bill sets up a new mechanism for crowdfunding. This is a very interesting concept. My colleagues Senator MERKLEY, Senator BENNET, and Senator BROWN of Massachusetts have worked very hard in developing a crowdfunding bill much superior to what is included in the House version. In fact, the House version has been described by a noted securities expert as “the boiler room legalization act” for its very lax approach to crowdfunding.

Our amendment requires crowdfunding to be conducted through regulated intermediaries, and provides for basic disclosure requirements, aggregate caps, and other protections to ensure market integrity, and prevent abuse.

The House bill also removes important prohibitions against general solicitation and advertising in regard to private placements that have been on the books for decades. Recognizing that in a world of Internet and Twitter, even private communications with accredited investors about private offerings can be inadvertently broadly disseminated, our bill takes a much more targeted approach to this issue. In our amendment, we allow for limited public solicitation and advertising through ways and means approved by the SEC, so they have a chance to update mechanisms for communicating with investors in this age of Twitter, Internet, and other new media. We believe this amendment gives the SEC the tools it needs to formulate limited exemptions to the general solicitation and advertising rules, allowing private offerings to still remain private.

There is another section of the House bill that deals with the reg A exemption. Reg A has been on the books of the Securities Exchange Commission, again, for decades. It currently allows

an exemption for certain registration requirements for mini-offerings of \$5 million or less. The House bill proposes to raise the ceiling for this exemption to \$50 million, but they do so in a way that could open it up to abuse, allowing companies to avoid rules and reporting requirements for public companies. We limit companies to raising no more than this \$50 million amount every 3 years, truly aiming our provisions at the small companies that are trying to raise capital without triggering all of the requirements of a publicly held company. We also require that a basic set of audited financial statements be filed with the offering statement and require periodic disclosures of material information to investors.

Let me stress what the House bill is proposing. They are proposing to legalize the solicitation of \$50 million a year from retail investors—in fact, it could be \$50 million every year—without requiring audited financial statements be provided to potential investors. If you go to a bank to get a loan for your business, they are going to require audited financials. I think, at a minimum, you need to provide audited financial statements if you are soliciting \$50 million a year from the public and, in fact, that \$50 million could be for successive years.

Finally, this whole discussion about the House bill has been cast in terms of jobs. There is not a lot in the House bill that talks about jobs, particularly jobs in America. There is no requirement that any of these relaxations of the securities laws be correlated with job increases. There is no requirement in the House bill that these jobs be in the United States.

We have just come through a series of enforcement actions in which the SEC had to crack down on reverse mergers by Chinese companies that were taking over American shell companies, putting their money in, and then going ahead and using the benefits of access to our stock markets. Most of those companies' jobs were not here, nor was the intention to create those jobs here. Those are the types of risks we run in the House bill.

Our bill includes reauthorization of the Export-Import Bank, which is something that has already demonstrated its ability to support American jobs. We have also included provisions that Senator SNOWE and Senator LANDRIEU have included from the Small Business Committee that will increase the SBA's ability to assist American companies—small American businesses. They have done this successfully. With these provisions, they can do more. Our bill actually does help with jobs—jobs here in the United States.

One of the premises behind this House legislation is if we deregulate, the jobs will come right back. Where have we heard that before? All through the 2000s: Just deregulate. Those investment banks such as Lehman don't

need regulations. Just give them a lot of leverage and let them run. And they ran—right off the cliff. We don't want to repeat that again. We don't want to repeat the mistakes of the 1990s and 2000s, where we allowed analysts of securities to recommend securities sold by their own investment banking firm. Those provisions are included in the House bill. That is going to undermine the markets.

We should learn from the facts. I urge all of my colleagues to support the Reed-Landrieu-Levin amendment as a base text. We can make improvements on that. We can send a bill—we hope very quickly in collaboration with the House—to the President that not only stimulates capital formation but also protects investors. We can send a bill that learns from the lessons of the last 20 years where, in the guise of deregulation, in the hope for job creation, we saw the greatest financial crisis since the Great Depression. We don't want to see this happen again.

Mr. President, I yield the floor.

ORDER OF PROCEDURE

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM. Would the President let me know when 10 minutes has passed?

The PRESIDING OFFICER. The Republican time has expired.

Mr. GRAHAM. I ask unanimous consent to be recognized for 10 minutes.

Mr. PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Reserving the right to object, was there a consent entered into on speaking order earlier?

Mr. GRAHAM. They told me to come at 11:10 is all I know.

Mr. HARKIN. I was told to come at 11:00. I think it is fair to go back and forth. I ask unanimous consent that the Senator from Iowa be recognized to speak after the Senator from South Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from South Carolina is recognized for 5 minutes.

EXPORT-IMPORT BANK

Mr. GRAHAM. Mr. President, this is a defining moment for the Senate in a couple of ways. The Democratic Senators have an alternative to the House-passed JOBS bill that will get a vote on their alternative. That is good. I believe the House-passed JOBS bill had overwhelming bipartisan support. It is a good document. I will support that version over my Senate Democratic colleagues. But let me tell you what our Senate Democratic colleagues have done that I think is very constructive.

Ex-Im Bank is trying to be made part of the JOBS bill in the Senate. This Export-Import Bank, what does this mean? This is a financing ability by American companies that are selling overseas in volatile or emerging markets. It is a financing system that has