

NOT VOTING—14

Bishop (UT)	Issa	Sewell (AL)
Fattah	Lawrence	Van Hollen
Gohmert	MacArthur	Wasserman
Gutiérrez	McCaul	Schultz
Hanna	Pittenger	Westmoreland

□ 1544

So the previous question was ordered. The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MCGOVERN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 240, noes 177, not voting 16, as follows:

[Roll No. 169]

AYES—240

Abraham	Fleischmann	Lucas
Aderholt	Fleming	Luetkemeyer
Allen	Flores	Lummis
Amash	Forbes	Marchant
Amodei	Fortenberry	Marino
Babin	Fox	Massie
Barletta	Franks (AZ)	McCarthy
Barr	Frelinghuysen	McClintock
Barton	Garrett	McHenry
Benishek	Gibbs	McKinley
Bilirakis	Gibson	McMorris
Bishop (MI)	Goodlatte	Rodgers
Bishop (UT)	Gosar	McSally
Black	Gowdy	Meadows
Blackburn	Granger	Meehan
Blum	Graves (GA)	Messer
Bost	Graves (LA)	Mica
Boustany	Graves (MO)	Miller (FL)
Brat	Griffith	Miller (MI)
Bridenstine	Grothman	Moolenaar
Brooks (AL)	Guinta	Mooney (WV)
Brooks (IN)	Guthrie	Mullin
Buchanan	Hardy	Mulvaney
Buck	Harper	Murphy (PA)
Bucshon	Harris	Neugebauer
Burgess	Hartzler	Newhouse
Byrne	Heck (NV)	Noem
Calvert	Hensarling	Nugent
Carney	Herrera Beutler	Nunes
Carter (GA)	Hice, Jody B.	Olson
Carter (TX)	Hill	Palazzo
Chabot	Holding	Palmer
Chaffetz	Hudson	Paulsen
Clawson (FL)	Huelskamp	Pearce
Coffman	Huizenga (MI)	Perry
Cole	Hultgren	Pitts
Collins (GA)	Hunter	Poe (TX)
Collins (NY)	Hurd (TX)	Poliquin
Comstock	Hurt (VA)	Pompeo
Conaway	Jenkins (KS)	Posey
Cook	Jenkins (WV)	Price, Tom
Cooper	Johnson (OH)	Ratcliffe
Costa	Johnson, Sam	Reed
Costello (PA)	Jolly	Renacci
Cramer	Jones	Ribble
Crawford	Jordan	Rice (SC)
Crenshaw	Joyce	Rigell
Culberson	Katko	Roby
Curbeo (FL)	Kelly (MS)	Roe (TN)
Davis, Rodney	Kelly (PA)	Rogers (AL)
Denham	King (IA)	Rogers (KY)
Dent	King (NY)	Rohrabacher
DeSantis	Kinzing (IL)	Rokita
DesJarlais	Klaine	Rooney (FL)
Diaz-Balart	Knight	Ros-Lehtinen
Dold	Labrador	Roskam
Donovan	LaHood	Ross
Duffy	LaMalfa	Rothfus
Duncan (SC)	Lamborn	Rouzer
Duncan (TN)	Lance	Royce
Ellmers (NC)	Latta	Russell
Emmer (MN)	LoBiondo	Salmon
Farenthold	Long	Sanford
Fincher	Loudermilk	Scalise
Fitzpatrick	Love	Schweikert

Scott, Austin
Sensenbrenner
Sessions
Shimkus
Shuster
Simpson
Sinema
Smith (MO)
Smith (NE)
Smith (NJ)
Smith (TX)
Stefanik
Stewart
Stivers
Stutzman
Thompson (PA)

Thornberry
Tiberi
Tipton
Trott
Turner
Upton
Valadao
Wagner
Walberg
Walden
Walker
Walorski
Walters, Mimi
Weber (TX)
Webster (FL)
Wenstrup

Westerman
Whitfield
Williams
Wilson (SC)
Wittman
Womack
Woodall
Yoder
Yoho
Young (AK)
Young (IA)
Young (IN)
Zeldin
Zinke

NOES—177

Adams
Aguilar
Ashford
Bass
Beatty
Becerra
Bera
Beyer
Bishop (GA)
Blumenauer
Bonamici
Boyle, Brendan F.
Brady (PA)
Brown (FL)
Brownley (CA)
Bustos
Butterfield
Capps
Capuano
Cárdenas
Carson (IN)
Cartwright
Castro (FL)
Castro (TX)
Chu, Judy
Cicilline
Clark (MA)
Clarke (NY)
Clay
Cleaver
Clyburn
Cohen
Connolly
Conyers
Courtney
Crowley
Cuellar
Cummings
Davis (CA)
Davis, Danny
DeFazio
DeGette
Delaney
DeLauro
DeBene
DeSaulnier
Deutch
Dingell
Doggett
Doyle, Michael F.
Duckworth
Edwards
Ellison
Engel
Eshoo
Esty
Farr
Foster
Frankel (FL)

Fudge
Gabbard
Gallego
Garamendi
Graham
Grayson
Green, Al
Green, Gene
Grijalva
Hahn
Hastings
Heck (WA)
Higgins
Himes
Hinojosa
Honda
Hoyer
Huffman
Israel
Jackson Lee
Jeffries
Johnson (GA)
Johnson, E. B.
Kaptur
Keating
Kelly (IL)
Kennedy
Kildee
Kilmer
Kind
Kirkpatrick
Kuster
Langevin
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis
Lieu, Ted
Lipinski
Loeb sack
Lofgren
Lowenthal
Lowe y
Lujan Grisham (NM)
Lujan, Ben Ray (NM)
Lynch
Maloney,
Carolyn
Maloney, Sean
Matsui
McCollum
McDermott
McGovern
Meeks
Meng
Moore
Moulton
Murphy (FL)

Nadler
Napolitano
Neal
Nolan
Norcross
O'Rourke
Pallone
Pascrell
Payne
Pelosi
Perlmutter
Peters
Peterson
Pingree
Pocan
Polis
Price (NC)
Quigley
Rangel
Rice (NY)
Richmond
Roybal-Allard
Ruiz
Ruppersberger
Rush
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schrader
Scott (VA)
Scott, David
Serrano
Sherman
Sires
Slaughter
Smith (WA)
Speier
Swalwell (CA)
Takai
Takano
Thompson (CA)
Thompson (MS)
Titus
Tonko
Torres
Tsongas
Vargas
Veasey
Vela
Velázquez
Visclosky
Walz
Waters, Maxine
Watson Coleman
Welch
Wilson (FL)
Yarmuth

NOT VOTING—16

Brady (TX)
Fattah
Gohmert
Gutiérrez
Hanna
Issa

Lawrence
MacArthur
McCaul
McNerney
Pittenger
Reichert

Sewell (AL)
Van Hollen
Wasserman
Schultz
Westmoreland

□ 1551

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

HELPING ANGELS LEAD OUR STARTUPS ACT

Mr. HENSARLING. Mr. Speaker, pursuant to House Resolution 701, I call up the bill (H.R. 4498) to clarify the definition of general solicitation under Federal securities law, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. BOST). Pursuant to House Resolution 701, the bill is considered read.

The text of the bill is as follows:

H.R. 4498

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Helping Angels Lead Our Startups Act” or the “HALOS Act”.

SEC. 2. DEFINITION OF ANGEL INVESTOR GROUP.

As used in this Act, the term “angel investor group” means any group that—

(1) is composed of accredited investors interested in investing personal capital in early-stage companies;

(2) holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole; and

(3) is neither associated nor affiliated with brokers, dealers, or investment advisers.

SEC. 3. CLARIFICATION OF GENERAL SOLICITATION.

(a) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall revise Regulation D of its rules (17 C.F.R. 230.500 et seq.) to require that in carrying out the prohibition against general solicitation or general advertising contained in section 230.502(c) of title 17, Code of Federal Regulations, the prohibition shall not apply to a presentation or other communication made by or on behalf of an issuer which is made at an event—

(1) sponsored by—

(A) the United States or any territory thereof, by the District of Columbia, by any State, by a political subdivision of any State or territory, or by any agency or public instrumentality of any of the foregoing;

(B) a college, university, or other institution of higher education;

(C) a nonprofit organization;

(D) an angel investor group;

(E) a venture forum, venture capital association, or trade association; or

(F) any other group, person or entity as the Securities and Exchange Commission may determine by rule;

(2) where any advertising for the event does not reference any specific offering of securities by the issuer;

(3) the sponsor of which—

(A) does not make investment recommendations or provide investment advice to event attendees;

(B) does not engage in an active role in any investment negotiations between the issuer and investors attending the event;

(C) does not charge event attendees any fees other than administrative fees; and

(D) does not receive any compensation with respect to such event that would require registration of the sponsor as a broker or a dealer under the Securities Exchange Act of 1934, or as an investment advisor under the Investment Advisers Act of 1940; and

(4) where no specific information regarding an offering of securities by the issuer is communicated or distributed by or on behalf of the issuer, other than—

(A) that the issuer is in the process of offering securities or planning to offer securities;

(B) the type and amount of securities being offered;

(C) the amount of securities being offered that have already been subscribed for; and

(D) the intended use of proceeds of the offering.

(b) **RULE OF CONSTRUCTION.**—Subsection (a) may only be construed as requiring the Securities and Exchange Commission to amend the requirements of Regulation D with respect to presentations and communications, and not with respect to purchases or sales.

The **SPEAKER pro tempore**. The bill shall be debatable for 1 hour, equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services.

The gentleman from Texas (Mr. **HENSARLING**) and the gentlewoman from California (Ms. **MAXINE WATERS**) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

GENERAL LEAVE

Mr. **HENSARLING**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and submit extraneous materials on the bill under consideration.

The **SPEAKER pro tempore**. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. **HENSARLING**. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support today of H.R. 4498, the Helping Angels Lead Our Startups Act, known as the HALOS Act. This is yet another bipartisan bill that has been passed out of the Financial Services Committee that I know will help create jobs and grow our economy.

We all know from listening to our constituents that jobs and the economy continue to be the number one issue of concern because this economy is still not working for working Americans. After many years, they still see their paychecks have stagnated. They have seen their savings evaporate. They are losing hope. We see entrepreneurship is at a generational low.

The HALOS Act is a step in the right direction. It is one of many solutions that we need to enact in this body.

I commend the bipartisan sponsor of the bill, Mr. **CHABOT**, the chairman of the Small Business Committee; Mr. **HURT** of Virginia and Ms. **SINEMA** of Arizona, the latter two who serve with me on the Financial Services Committee.

I want to thank all of my colleagues on the Financial Services Committee for voting overwhelmingly in favor of this bill. Almost 80 percent of the membership of the committee voted to advance it to the floor.

I am proud that our committee has a strong record of bipartisanship. Since the beginning of the 114th Congress, Mr. Speaker, the House has passed 56 of our measures—30 have been signed into

law—and each one of these measures received bipartisan support. In an era of divided government, that is not a bad record.

I believe that most Americans also believe that our economy works better for all Americans when small businesses can focus on creating jobs rather than navigating meaningless bureaucratic red tape.

The HALOS Act provides an important fix to regulations so it will be easier for our small businesses to attract investments. Again, Mr. Speaker, so critical when entrepreneurship is at a generational low and our economy limps along at even less than 2 percent of economic growth.

The HALOS Act provides a clearer path for startup businesses to connect with angel investors and allows investors to make their own informed decisions. Angel investors play an incredibly active role in helping small businesses open their doors and grow so they can open their doors even wider and hire more workers.

We should remember—and many of our colleagues are now aware—that companies like Amazon, Costco, Google, Facebook, and Starbucks were all first funded by angel investors. Now, today, not only the services they provide in our economy, but approximately 600,000 employees earn their paychecks and provide for their families working for companies that were started with angel investors.

Unfortunately, as so often happens, when Washington regulators get out of control, they step into the picture and we have yet more unintended consequences. Four years ago, Congress passed a bipartisan JOBS Act to make it easier for business startups to gain access to capital, but the Securities and Exchange Commission issued misguided regulations on angel investors that had exactly the opposite effect.

By inappropriately classifying events where entrepreneurs showcased their business models to angel investors as general solicitations, the SEC regulations are causing innovative startups to lose access to capital, which means our economy loses jobs. This is counter to Congress' intent when we passed the JOBS Act, and it is certainly counter to what our economy needs now. Mr. Speaker, what is so ironic is that the practice was legal and proper before the passage of the JOBS Act. It should remain legal and proper after the passage of the JOBS Act.

This is a problem that Congress can easily fix by approving the HALOS Act. It is not a complicated bill, Mr. Speaker. It is four pages long. It simply ensures that funding from angel investors remains available to business startups.

The bipartisan bill makes sure that events where entrepreneurs and angel investors get together are not classified as general solicitations because they are not. Instead of onerous bureaucratic red tape that deters investors from backing new business startups, the four-page HALOS Act will

help new businesses gain investor support when they need it most.

Mr. Speaker, as I mentioned earlier, this bill sailed through the House Financial Services Committee with strong bipartisan support. Out of 57 members voting in committee that day, only 13 opposed the bill. In other words, 80 percent of the committee voted in favor of the HALOS Act.

The bill has strong bipartisan support because it is common sense. It is about jobs; it is about helping small businesses overcome misguided regulation; and it is about making sure that Congress makes the law—not the regulators, who are unelected and who are unaccountable.

Mr. Speaker, I reserve the balance of my time.

Ms. **MAXINE WATERS** of California. Mr. Speaker, I yield myself such time as I may consume.

I rise in opposition to H.R. 4498, the Helping Angels Lead Our Startups Act.

This bill will make changes to investor protections under the JOBS Act that I believe are ill-advised and could lead to unintended consequences for our regulatory framework.

□ 1600

It would do so by broadening the scope of when private securities offerings can be solicited or advertised to the public without first verifying that the purchaser is financially sophisticated enough to understand the risk involved, what we call “accredited investors.”

Specifically, the bill would require the SEC to amend its safe harbor rules for private placements under Rule 506 of Regulation D so that the current verification requirements for general solicitation and advertising do not effectively apply to sales events that are sponsored by certain groups, colleges, nonprofits, trade associations, or angel investor groups, for example.

The bill's intent is to expand the role of angel investors in capital formation. It is a laudable goal, but it is one that needs appropriate rules to ensure investors have the protection and legal recourse needed to make sound investments.

So, while the bill would limit the amount and type of information that can be communicated for these events, it would still allow companies to condition the markets for their securities and offer them to any member of the public who walks in the door.

Let me be clear. If a university wants to sponsor a so-called demo day with companies that want to pitch their ideas and products, they already can, and the entire public can attend. The companies, however, just can't talk about offers or sell securities in their companies.

I am concerned that this bill, however, would cause real harm to retail investors. For example, a hedge fund could set up an event that is sponsored by a questionable college, like Corinthian, could pass out flyers on campus

that advertise their shares, and then sell those shares to anyone who had attended the event, including the students who may know nothing about how this whole operation works. They would not have to take reasonable steps to verify that these purchasers are accredited investors.

Furthermore, events sponsored by government entities, nonprofits, and universities are likely to attract the very people we are trying to protect, investors who are not accredited and do not have enough financial sophistication or wherewithal to understand the investments or bear their high risk of loss.

We created the Rule 506 exemption under the JOBS Act to expand the market for private offerings. Private companies can now advertise and solicit offerings to the general public, which helps them to raise the capital they need to grow their businesses.

In exchange for the expanded framework and lower levels of investor protection, we passed a simple amendment that I offered to require companies to just take reasonable steps to verify that the purchaser of the security is an accredited investor.

The intent was simple. If a company is going to advertise riskier private offerings, it must ensure that the buyer has the necessary income and assets to qualify for such a purchase rather than rely on so-called self-certification. The bill would effectively reverse this sensible amendment during these sales events.

At best, the bill is also unnecessary. The SEC has already provided relief to angel investor groups if they curate the people who attend these sales events. They have to either make sure they have a preexisting relationship with the investor or verify their income and assets at the time of purchase, which is consistent with our regulatory framework.

I have offered an amendment, which will be debated later today, that would codify the SEC's relief and prevent harm to everyday investors. It would also limit the exemptions to operating companies so that shell companies and investment vehicles, like hedge funds, can't solicit potentially risky offerings to unknowing investors.

These revisions to the bill would strike an appropriate balance between capital formation and investor protection while still supporting angel investor groups. However, without my amendment, I cannot support this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. MCCARTHY), the distinguished Republican leader and a leader in the JOBS Act and in innovation.

Mr. MCCARTHY. I thank the gentleman for yielding. Before I move on, I thank the gentleman for his work on the Committee on Financial Services.

Mr. Speaker, this is another bill that comes to the floor with a large bipar-

tisan vote coming out so as to create jobs, and that is what this floor is all about. Today we are talking about an American economy that is ripe for innovation. This is what is needed to create jobs and opportunity.

To my colleagues, I ask them: How many times have you traveled back to your districts and sat down and seen individuals who crave to be entrepreneurs? It could be that single mom or maybe it is that person who is stuck in a job or is a young kid with a great idea.

But as they roll out their ideas, they find they are not going to get stopped except by, maybe, a government regulation. Think of the jobs they could create and the places in which we can grow.

Because of the technological revolution of our country's experience, the startups we have come to know are now some of the largest companies in our economy. Our goal shouldn't be to stop the next great American company from coming into existence. We should actually enable it.

We should tear down the government-made barriers to their potential and embrace the positive disruption that will keep America as the world leader in innovation. That is the goal of the Innovation Initiative, and that is what we are doing here today.

We will pass today the Helping Angels Lead Our Startups Act, which enables ready investors to invest in startups. Startups are in a world of high risk and high reward.

They can't just go to a bank for a loan. They need angel investors who are willing to take that risk for the next company that will change the world, and Washington should not stand in the way of making that happen.

Several years ago Congress passed and the President did sign the JOBS Act. Our goal was to help increase access to capital. Unfortunately, some of the provisions in our bill were misinterpreted by the SEC against the spirit of entrepreneurship, thus keeping the barriers to capital in place.

Today's bill gives new companies an opportunity to identify and to interact with potential investors, thus opening the door for the next great idea to get the funding it needs to get up and running.

I give a special thanks to Chairman CHABOT for identifying this inefficiency and acting to solve it.

I started my first business when I was 19 years old. There are three lessons you learn: you are the first one to work; you are the last one to leave; and you are the last one to be paid. The last thing you need is for government to stop you from achieving your dream.

It is very simple, when I talk to my colleagues here, in that there are one or two ways to go on this bill. If you sit back and you look at Facebook, Amazon, or Starbucks, they are amazing success stories in America and are where millions of people work.

The idea would be, if you believe America needs to continue the opportunity for our entrepreneurs and for more companies such as those, it starts with angel investing. So you would vote "yes."

If you believe America doesn't need innovation, that America thinks that the new Facebook shouldn't be there, that we should put up new barriers to stop a dream, to stop the growth, you would probably vote "no."

That is why later today, when this bill gets through, it will be a big bipartisan vote: because we believe in America.

Ms. MAXINE WATERS of California. Mr. Speaker, I yield 3 minutes to the gentlewoman from Arizona (Ms. SINEMA).

Ms. SINEMA. Mr. Speaker, I thank Ranking Member MAXINE WATERS for granting me time.

I thank Mr. CHABOT and Mr. HURT and others for working with me on this bipartisan bill to help entrepreneurs and startup companies create jobs and grow our economy.

Mr. Speaker, American startup businesses are growing both in number and diversity. Entrepreneurs are finding new and better ways to bring together talent, innovation, and investment capital in an increasingly competitive small-business environment.

The HALOS Act clarifies SEC regulations to ensure small businesses may participate in educational demo days without the burden of having to verify that attendees are accredited investors. These events provide invaluable opportunities for entrepreneurs to meet and exchange ideas with students, professors, business professionals, and potential future investors.

The HALOS Act creates a clear path for startups to participate in demo days that are sponsored by a government entity, a nonprofit organization, an angel investor group, a venture association, or other entity that is permitted by the SEC.

Specifically, this act clarifies the definition of "general solicitation" to exempt communications and presentations at these events where advertising does not make specific investment offerings and where no specific securities offering information is communicated at the event.

This permits startups to connect with business experts, potential future investors, and other entrepreneurs while maintaining existing accredited investor verification requirements and exceptions already under Regulation D for the actual purchase or sale of securities. It does not in any way permit the sale of securities to unaccredited investors at demo days.

Companies such as Amazon, Costco, Facebook, Google, and Starbucks were all initially funded by angel investors. As we work to make America more competitive in the new global economy, we need to encourage the growth of innovative startups and job-creating small businesses.

Again I thank my cosponsors and the chairman for working with us on this commonsense, bipartisan bill. I am committed to working with my colleagues on both sides of the aisle to ensure that Arizona startups have the support that they need to grow their businesses and create jobs.

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. CHABOT), who is the chief sponsor of the HALOS Act and is the chairman of our Small Business Committee.

Mr. CHABOT. I thank Mr. HENSARLING for his leadership on this. I thank the gentlewoman from Arizona, who just spoke, for her leadership on this as well.

Mr. Speaker, as the chairman of the House Small Business Committee, I have the pleasure of hearing from America's small-business owners each and every day, both in my district and up here in Washington.

The stories of success are always encouraging to hear, but all too often, what I am told is how the government is making it difficult for small businesses to grow and succeed and to, therefore, create jobs.

Perhaps the most common concern is just how difficult it is for entrepreneurs who are starting out to access the needed capital to grow. This bill expands access to capital by ensuring small businesses can continue to connect with so-called angel investors.

One popular way small businesses have connected with angel investors is through demo days. These are events that are sponsored by universities, nonprofits, local governments, accelerators, incubators, and other groups that allow entrepreneurs to showcase their products and to informally meet investors and customers.

However, SEC regulations are threatening to force these events out of business by imposing unwieldy regulations that dictate who is and who is not allowed to simply attend.

These regulations would force everybody who merely walks through the door to go through what is essentially a full financial interrogation in one's handing over of tax documents and bank statements, paybook information, and on and on and on.

Mr. Speaker, this doesn't make any sense. We should be encouraging participation in demo days, not creating obstacles. After all, not only are these events places at which to connect investors with our communities' small businesses and entrepreneurs, but they also provide a great opportunity for students, for example, and our next generation of entrepreneurs to ask questions and learn what it takes to get a business off the ground.

Mr. Speaker, again I thank Chairman HENSARLING for his leadership in getting this bill through the committee, as well as to thank Representative HURT, Representative SINEMA, and Representative TAKAI for working in a cooperative and bipartisan manner to move this bill to the House floor.

It was very bipartisan. All of the Republicans voted for it, and almost half of the Democrats voted for it in committee. It is always wonderful when we are able to work together to support small business, and there is no better time than now.

Next week is National Small Business Week, when we will be celebrating the contributions of small businesses and entrepreneurs in every community all across America. Every one of us has small businesses in our districts. It serves as a reminder to us in this Chamber of how important it is to create policies that promote an environment for small businesses to succeed, and this bill is one more step in that direction.

I urge my colleagues to support H.R. 4498. Again, I really appreciate the bipartisan nature of this bill and its support thus far.

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Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia (Mr. HURT), a sponsor of the bill.

Mr. HURT of Virginia. Mr. Speaker, I rise in support of the HALOS Act. I first would like to thank the chairman of the Financial Services Committee, Mr. HENSARLING, for his leadership on the JOBS Act and on this issue specifically.

I would also like to commend the efforts of Representatives CHABOT and SINEMA. It has been an honor to be able to work with them on such an important issue, and it is an honor to be able to work with them to craft a sensible bipartisan bill aimed at removing a regulatory hurdle for innovative companies and startups seeking early-stage equity capital investment.

Mr. Speaker, I represent a rural district in Virginia, Virginia's Fifth District, that stretches from the northern Piedmont of Virginia to the North Carolina border. As I travel across my district, a recurring theme that I hear from my constituents is that they are concerned about jobs and the economy.

At a time when our economy is struggling, Congress must do everything possible to help small businesses achieve success. These entities are our Nation's most dynamic job creators, and their success is essential to our economy.

Earlier this year Charlottesville, Virginia, was recognized as one of the Nation's fastest growing markets for venture capital investment. Over the past 5 years, the amount of capital invested in Charlottesville has grown over 150 percent.

This type of investment can have a profound impact on a community, making it more attractive to other startup companies and ultimately producing more job growth. Indeed, Senator CHRIS MURPHY of Connecticut said it best when he introduced the Senate version of the HALOS Act:

I have heard from local entrepreneurs and interested backers alike that the most important thing we can do to help these businesses is make it easier for angel investors to put capital behind them, and that is exactly what our bipartisan HALOS Act will do.

In 2014 alone, angel investors deployed over \$24 billion to over 70,000 startups. Many of these investments go into companies in their own communities and States.

Beyond capital, angel investors often provide advice and guidance to help these companies succeed and create jobs. It is for these reasons that I ask my colleagues to support this bill.

If enacted, the HALOS Act would amend the Securities Act to define an angel investor group and would clarify the definition of general solicitation so that startup enterprises would be able to continue to promote their businesses at certain events called demo days where there is no direct investment offering.

The HALOS Act would alleviate the burden placed on startups with regard to privacy and compliance concerns, which often require entrepreneurs and startups to take on burdens that they do not have the means to handle.

These burdens have a significant impact on an entrepreneur's ability to interface with investors because of the risk of violating Federal securities laws by having their interactions with investors being viewed as a general solicitation.

HALOS would lift this burden and is an important step to continuing the success that this committee has achieved with the bipartisan JOBS Act.

The JOBS Act made it easier for startup enterprises to market their securities to a larger pool of investors. Unfortunately, while implementing the JOBS Act, the SEC has classified events held by angel investors as general solicitations, requiring entrepreneurs and startups to verify accredited investor status.

This jeopardizes the future of events like demo days where startups can interact with these investors and venture capitalists.

The HALOS Act would simply ensure that angel funding remains available to startups by defining the term "angel investor group" and exempting an angel investor event from being considered general solicitation.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HENSARLING. Mr. Speaker, I yield the gentleman from Virginia an additional 30 seconds.

Mr. HURT of Virginia. Mr. Speaker, the HALOS Act is a simple, bipartisan, bicameral solution that will ensure that investors and companies can continue this commonsense interaction.

Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, may I inquire if the other side has any further speakers before we use all our time?

Ms. MAXINE WATERS of California. Mr. Speaker, we have no further speakers.

Mr. HENSARLING. Mr. Speaker, I yield 2½ minutes to the gentleman from New Jersey (Mr. GARRETT), the chairman of our Capital Markets and Government Sponsored Enterprises Subcommittee.

Mr. GARRETT. Mr. Speaker, I want to thank the sponsor of the underlying legislation for the underlying bill.

I rise in support of H.R. 4498, the Helping Angels Lead Our Startups Act. I urge all of my colleagues on both sides of the aisle to support this very important piece of legislation.

Mr. Speaker, it was 2 weeks ago at the Capital Markets and Government Sponsored Enterprises Subcommittee that we held a hearing that examined the positive impact the 2012 JOBS Act is having on our economy. By reducing burdens on startup companies and modernizing our security laws, the consensus was very clear.

The JOBS Act was a big win for entrepreneurs, innovation, and, ultimately, economic growth and opportunity and job creation in this country.

But that doesn't mean that we shouldn't be doing more besides the JOBS Act, and it certainly doesn't mean that the Securities and Exchange Commission, the SEC, has done a perfect job, by any means, when it comes to implementing the important provisions of the JOBS Act.

At times, the SEC has taken liberties, if you will, with their rule-making that run contrary to the wishes and purposes of Congress, which ultimately could limit the impact this great, new revolutionary legislation has for our economy.

One example of this was the way in which the SEC implemented title II of the JOBS Act, which made it easier for companies to use general solicitation in order to attract investors for private offering of stocks.

You see, what happened here was, in their final rule, the SEC classified events such as demo days held by angel investors as being general solicitation. This means that angel groups would have to then comply with all the rules and regulations that are designed for issuers who are actually engaged in the offering of securities, which this is not.

So events such as demo days are an important economic development tool, if you will, used by small startup companies to help educate people, educate a pool of potential investors. They are not security offerings, and they should really, really not be treated as such.

Why is this important? Well, in 2014, angel investors put some \$24 billion to work in over 73,000 startups. So, clearly, this is a preferred source of capital throughout the economy.

Any kind of regulation that would hamper the ability of angel investors to communicate with startup companies would jeopardize the ability of angel investors to fund the next Apple or Google or startup.

So here we are with H.R. 4498. It would simply make a small technical fix to the JOBS Act and would allow such events to continue without that heavy hand of government getting in the way. So I want to thank the sponsors.

I urge bipartisan support of this underlying bill.

Ms. MAXINE WATERS of California. Mr. Speaker, I continue to reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. HUIZENGA), chairman of Monetary Policy and Trade Subcommittee.

Mr. HUIZENGA of Michigan. Mr. Speaker, as a small-business owner and coming from a family of very entrepreneurial people, I know the importance of fostering an environment that promotes economic opportunity and especially allows small businesses to grow and create jobs.

West Michigan, which I represent, is a hub of entrepreneurial activity. Organizations like the Grand Rapids Inventors Network and a very innovative place called Start Garden are the center of that.

Start Garden does two demo days a year with very sophisticated investors. In fact, over the last 3 years of Start Garden's existence, they have helped and launched 200 various companies and have given them that investment.

One of those is Boxed Water is Better. Just this past week, my office received its first shipment from Holland, Michigan, of Boxed Water is Better.

Founded in 2009, the team at Boxed Water combined west Michigan ingenuity with capital from investors through Start Garden, who now employ 60 people and have facilities in both Michigan and Utah. They sell their product in over 8,000 stores nationwide and are now starting to sell around the globe.

Small businesses across the globe and across the country like Boxed Water are looking for real solutions from Congress to help them innovate and thrive.

The JOBS Act, a solution designed to jump-start capital formation for small businesses, entrepreneurs, and startups, was signed into law in 2012. Instead of helping small businesses access capital through the JOBS Act, as Congress had intended, the Securities and Exchange Commission has choked off avenues of that capital formation.

In order to participate in a demo day, the SEC requires startups to register a securities offering and verify the sophistication level of potential funders, something most of them do not have the physical or financial means to do, according to Start Garden.

I thank the gentleman from Ohio for introducing the HALOS Act, an important bill that connects fledgling companies to angel investors who may provide them with the capital that they need to turn their startup into a growing, thriving business.

By exempting demo days featuring many small businesses like Boxed Water and others, these participants are not considered as general solicitors under the Securities Act.

We need more entrepreneurs to expand, hire, and invest, and the HALOS Act is an innovative way of doing that.

Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentlewoman from Missouri (Mrs. WAGNER).

Mrs. WAGNER. Mr. Speaker, I thank Representative CHABOT of Ohio for introducing this bipartisan piece of legislation as well as my colleagues on the Financial Services Committee, Congressman HURT of Virginia and Congresswoman SINEMA of Arizona, for sponsoring the legislation.

H.R. 4498, the Helping Angels Lead Our Startups Act, provides an important fix to our securities regulations that removes friction between entrepreneurs and the potential investors that are looking to support startup companies.

When we think about angel investing or venture capital, we naturally think of the Silicon Valley tech scene or the financial powerhouse of New York City.

However, more and more startups all across the country are using important changes under the JOBS Act in order to raise financing no matter where they are located. In fact, as reported in the St. Louis Business Journal, St. Louis has the Nation's fastest growing startup scene.

As more and more investors are drawn to the St. Louis area, these early-stage investments are critical for helping keep these companies in Missouri and creating more local Missouri jobs.

Yet, while St. Louis' startups have experienced tremendous growth recently, small businesses and startups everywhere are still having difficulty in obtaining financing and investment in today's economy at a crucial stage when they are trying to grow and expand.

The HALOS Act will make a small change that makes it easier for small businesses to find those vital investments. It would exempt demo days from general solicitation requirements that would put a burden on entrepreneurs and that would make it more difficult for investors to provide financing.

For those companies that are not yet ready to go public, it is important that they are given the opportunity to pitch their business ideas to those who are interested in learning more.

I urge passage of this bipartisan piece of legislation.

Ms. MAXINE WATERS of California. Mr. Speaker, I continue to reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. HULTGREN).

Mr. HULTGREN. Mr. Speaker, today I am proud to be able to speak in support of the Helping Angels Lead Our Startups, or HALOS, Act.

I would also like to thank Chairman CHABOT, Congressman HURT, and Congresswoman SINEMA for putting forward this important bipartisan legislation.

I am fortunate to hear regularly from innovators across Illinois and through my work on the House Science, Space, and Technology Committee.

Chicago is recognized nationally as a hub for angel investors. The Illinois Venture Capital Association was one of the first associations to represent private equity and venture capital groups.

The State of Illinois also offers an angel investment credit program to attract and encourage investment into early-stage innovative companies throughout my State.

These innovators oftentimes have a simple idea that can be life changing, but financing these ideas so that they can become a reality is harder than you might think.

Angel investors play a key role in the earliest stages of these startups. They provide the initial round of funding to help get these life-changing ideas off the ground. Startups are the job creators that drive our economy, make life-changing medical breakthroughs, and harness technology to accomplish the impossible.

These startup companies frequently participate in demo days, as has been talked about, to increase the visibility of their company, explain their ideas and hope to informally attract investors. These demo days are sponsored by a variety of organizations interested in promoting innovation and job creation.

For example, the University of Illinois Research Park told me that this bill would address some of the unintended consequences of the JOBS Act and crowdfunding, which could make things like Cozad New Venture Competition, Urbana-Champaign Angel Network angel presentations, the Share the Vision Technology Showcase, pitch practice at EnterpriseWorks, and other public forums for startups in Illinois problematic.

They want to encourage showcasing our startups without fear that these programs would be constituting a formal fundraising solicitation that would require reporting to the SEC.

This bill simply clarifies SEC regulations to ensure small businesses may participate in educational demo days without having to verify that attendees are accredited investors. This is a burdensome process meant only for security solicitation, not just informal conversations.

I encourage all my colleagues to support this important bill.

□ 1630

Ms. MAXINE WATERS of California. Mr. Speaker, I continue to reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, may I inquire how much time I have remaining?

The SPEAKER pro tempore. The gentleman from Texas has 8½ minutes remaining.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. SCHWEIKERT).

Mr. SCHWEIKERT. Mr. Speaker, there is a crisis right now in our country, and the fact of the matter is, we have more business concerns closing, going out of business, than being started. If you are concerned about economic growth, if you are concerned about growing payrolls, people being able to survive financially, you should be fixated on the fact that we have more businesses closing than opening.

Being someone who was here and spent a year of his life working on the JOBS Act, the individual bills, who was almost giddy that we had a bipartisan piece of success that so many of us were incredibly optimistic that was going to create some economic growth, and to be here today 4 years later dealing with something, I am sorry, that is almost absurd in the discussion: that the SEC has made it more restrictive today than it was before the JOBS Act.

Think about this: your university, your community college, your group brings together a number of little businesses that are trying to raise capital, and now under the interpretation that is coming at us, you are going to have to have security at the door to interview people, look at their financials. I mean, this is crazy.

Is the caterer going to have to get certified? How about the security person at the door, are they going to have to get security?

Think about what this means and the absurdity that little businesses that were trying to capitalize can't even tell their story without making sure that the people in the room hearing it have met some sort of definition that the SEC has imposed after we all thought we did a piece of legislation that opened up this type of communication.

Ms. MAXINE WATERS of California. Mr. Speaker, I continue to reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. COSTELLO).

Mr. COSTELLO of Pennsylvania. Mr. Speaker, I rise today in support of H.R. 4498, the Helping Angels Lead Our Startups Act.

I cosponsored this bipartisan legislation because it will assist entrepreneurs in accessing angel investors, who provide critical financing for startup businesses and local entrepreneurs.

From construction companies to medical technology producers and manufacturing and perhaps even the next iPhone app, there are Pennsylvanians in my district who are full of forward-thinking ideas who need access to capital.

By revising an unintended bureaucratic regulation that places an encum-

brance on startup businesses, this legislation will further enable entrepreneurs access to the capital they need to create jobs and be successful.

Let me just say that again, Mr. Speaker. Here we have an example of a Washington, D.C., bureaucratic rule-making interpretation getting in the way of enabling entrepreneurs with good ideas from getting access to capital and subsequently creating jobs in local communities. There is a simple solution to fix that.

That is why I am supporting this legislation. I am proud of Pennsylvania's longstanding history as a leader in innovation, and I want to do everything I can to remove barriers and support our local job creators. I encourage all my colleagues to support this bipartisan legislation.

Ms. MAXINE WATERS of California. Mr. Speaker, I reserve the balance of my time.

Mr. HENSARLING. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. POLIS), a member of the Committee on Rules.

Mr. POLIS. Mr. Speaker, I thank the gentleman for yielding me the time.

The United States leads the global economy on innovation. There are a lot of pieces of the innovation agenda, some that Republicans and Democrats disagree on, some that they agree on. I am pleased to be here today on a small but important piece that can help move the innovation agenda forward, help America retain and grow its competitive advantage.

Let me set the scene. This could be a ballroom at a university, it could be a theater that is rented out for the night. There might be 5 or 10 teams of entrepreneurs who worked hard on their business plans. Perhaps they were part of some business plan competition to refine what they call their pitch deck. The audience fills out.

Who is in the audience?

It wouldn't be a worthwhile event if there weren't potential investors there. So, of course, the bulk of the audience—it could be half, it could be three-quarters, it could be most of it—will be accredited investors. They are the only people who can invest in these companies.

Who else should be in the room? Who do we want to make sure that we don't seal off the opportunity to learn and gain from that experience?

Well, it could be university faculty, graduate students, professors. They don't happen to be worth \$2 million, but they might have technical expertise. They might be able to be consultants. They might be professionals, lawyers and bankers, who might be able to assist the companies develop, patent their ideas, and raise money. It might be students and future entrepreneurs who want to learn about the pitch process so they, too, can refine their ideas and be on the stage the next time around.

That is what this bill allows, for us to make sure that the great opportunity that this country offers reaches

people from all economic backgrounds. We can't lock everybody except for the millionaires and billionaires out of the room that helps form the seed capital for tomorrow's great company.

HALOS does not change the existing law about who can and can't buy private securities. What it does do is allow folks who are not accredited investors, who are not there as a potential investor to be in the room, to learn from the experience, to perhaps get a job if they are an aspiring programmer, to have to team up with one of the companies that presented as a co-founder to complement some of the competencies that the other founder has, to make sure that they, too, are in that great room of opportunity.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HENSARLING. Mr. Speaker, I yield the gentleman an additional 30 seconds.

Mr. POLIS. I thank the gentleman.

Mr. Speaker, I believe our startup communities will be strengthened. Startup ecosystems like the ones that I am proud to say exist in towns like Fort Collins and Boulder in my district can be made more diverse through this law and will inevitably make sure that those in the room can expand opportunity beyond people who are already millionaires and billionaires.

Mr. Speaker, I urge my colleagues to vote "yes."

Ms. MAXINE WATERS of California. I yield myself such time as I may consume.

Mr. Speaker and Members, we have heard a lot of conversation from the opposite side of the aisle about what the SEC has done or has not done. As a matter of fact, it was represented that the SEC had misinterpreted the bill. That is not true.

We absolutely need rules of the road. We need to make sure that we are protecting investors. We need to make sure that we are not allowing folks to be put at great risk who don't understand or know what is happening in these rooms. I am concerned about these demo days on campuses where students may be encouraged in these presentations to invest their parents' money or get their parents involved in schemes that they may not be aware of.

Why is this so important to us?

It is important to us because we have arrived at a time in the Congress of the United States where we recognize the need for consumer protection. Prior to the recession that we had that was created in 2008 because of the subprime meltdown and the faulty products that were placed out in the marketplace by banks and financial institutions, consumers were really ignored and not protected.

We have payday loans that target our communities that charge 400 to 500 percent interest and take advantage of some of the most vulnerable people in our society. We have all of these fraudulent mortgages that almost brought

this country down, that created a recession—almost a depression—and we are still finding out about some of the exotic products that they put out on the market that tricked people into signing on the dotted line who eventually lost their homes.

We have the fiduciary duty that we have been debating in Congress.

Do you know why we are debating that?

We are debating that because we have investment advisers who were in conflict with the people they were supposed to be protecting and supposed to be advising, and they literally were advising seniors, who had savings for their retirement, to invest in plans that they would ultimately lose all of their money in.

So in addition to payday loans and fraudulent mortgages and conflict of interest and fiduciary, we have had mandatory arbitration and on and on and on. We have arrived at a time when Democrats are implementing Dodd-Frank. We are making sure that we have the Consumer Financial Protection Bureau that is doing the work that had not been done all of these years.

Yes, we are concerned about this. We supported the JOBS Act. We supported it with an amendment that I put in there that said that you must take reasonable opportunities to ensure that you know who these investors are. We are talking about accredited investors, folks who have resources, folks who know how this game is operated, folks who can protect themselves. They have lawyers, they have consultants, all of that.

What we don't want is—we don't want these students and we don't want people who walk in off the street who may be presented with an opportunity that is not a real opportunity.

For example, what if we had something like Corinthian that is a private, postsecondary school that we had to close down, or DeVry University, or the University of Phoenix, or the Trump University?

Any of these could present themselves as credible businesses to be invested in, only to find out later that the students have been misled, they have not gotten jobs, they don't have anything. They have not made any money. We are saying this is another effort to simply protect those who oftentimes are the targets of the rip-offs and the fraud.

I would ask my colleagues to support the amendment that I am going to put to the bill to make sure that they know who is in the room. I would ask them to support this simple amendment that was made in order in the Committee on Rules to make sure that we are protecting those investors and keeping them from getting ripped off.

Now, some of my friends on the opposite side of the aisle would have you believe that we are not interested in capital formation, that we are not interested in entrepreneurship, that we are

not interested in joint ventures. That is absolutely not true. As a matter of fact, folks on this side of the aisle are fighting to make the financial institutions responsible and the banks to make loans where they should be making loans. We have to have a CRA to make sure that they are doing what they should be doing with the depositors' money and on and on and on. We fight for small businesses every day.

We joined up with our colleagues on the opposite side of the aisle to support the JOBS Act even though we had some concerns, and the SEC tried to make sure that we had the kind of legislation that would protect these investors.

Now they are saying: We don't like what the SEC is doing. They are misinterpreting it. They are messing this all up.

Well, that is not true. Now, we know they don't like the SEC. As a matter of fact, they do everything that they can to limit their funding so that they cannot be effective. But these are our cops on the block. The SEC is our cop on the block to try and make sure that we limit the rip-off and the fraud and the undermining of average citizens in our society. We support the JOBS Act. We believe that we should not have these operations on the campuses without knowing who is in the room and allowing investors to be put at risk.

Mr. Speaker and Members, I would ask for a "no" vote on the bill. I am going to ask for an "aye" vote on the amendment that is going to come up. If my colleagues on the opposite side of the aisle accept this very, very reasonable amendment, then I will vote to support the bill. But if they don't show any concern or compassion for the interests of investors, then I cannot support the bill, and I will ask my caucus not to support the bill. It is as simple as that.

□ 1645

When are we going to stop the fraudulent operations in this country that rip off working people every day, rip off students, and don't care about our investors who are interested in capital formation and investing in real enterprises that can help to grow their business and make some money themselves? When are we going to recognize we can do both?

We don't have to just be on the side of those who would take advantage of people. We must be on the side of both—our investors who are willing to put up money and our businesses who need capital formation—but somehow we always end up letting the most vulnerable people in our society be the target of fraud by those who take advantage of them.

Mr. Speaker, I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from Texas has 2½ minutes remaining.

Mr. HENSARLING. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, again, I am very, very happy that yet another bipartisan bill has come out of the Financial Services Committee to try to get this economy working for working people. I took note that there were more Democrats coming to the floor in favor of the bill than against the bill, and that almost 80 percent of the members of the Financial Services Committee reported this bill favorably.

Now, the ranking member spoke passionately about trying to help the most vulnerable. She cares about investor protection. But, Mr. Speaker, the only people who can buy these securities in a private offering are millionaires. So the question is: Who do you care more about, the millionaire investors or the working poor who need better jobs?

You can't have capitalism without capital, and yet the ranking member would put one more burden in front of small businesses and entrepreneurs trying to create businesses so that people can have better jobs and a better future for themselves and their families.

I am glad we have millionaire investors. I wish we had more of them. But they are already protected. You must be an accredited investor in order to partake, to actually buy the security. All we are debating now is whether you are going to have to prescreen, as the gentleman from Arizona said, the caterer or the security guard at the door, to be part of the demo day—something, Mr. Speaker, that was perfectly legal and had gone on for years and years and years prior to this SEC rule.

Yet we have an agency, the Securities and Exchange Commission, creating law out of thin air, making it more difficult for the working poor to find better jobs, to make sure that people have a better career path, to make sure that we can find the next Facebook. They are making it more difficult.

I believe this will have strong bipartisan support on the floor. We all need to support the HALOS Act, H.R. 4498. At the end of the day, who are you going to come down in favor of, the working poor or millionaire investors who are already protected? This side of the aisle will come down in favor of the working poor who need jobs in an economy that has been hurt by Obamanomics.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate on the bill has expired.

AMENDMENT NO. 1 OFFERED BY MS. MAXINE WATERS OF CALIFORNIA

Ms. MAXINE WATERS of California. Mr. Speaker, I have an amendment at the desk.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 5, line 5, strike “and”.

Page 5, after line 5, insert the following:

(D) does not receive any compensation for making introductions between investors attending the event and issuers, or for investment negotiations between such parties; and Page 5, line 6, strike “(D)” and insert “(E)”.

Page 5, line 11, strike “and”.

Page 5, line 23, strike the period and insert “; and”.

Page 5, after line 23, insert the following:

(5) where attendance to the event is limited to members of an angel investor group or to accredited investors.

At the end of the bill, insert the following:

(c) DEFINITION OF ISSUER.—For purposes of this section and the revision of rules required under this section, the term “issuer” means an issuer that is in day-to-day operations as a business, is not in bankruptcy or receivership, is not an investment company, and is not a blank check, blind pool, or shell company.

The SPEAKER pro tempore. Pursuant to House Resolution 701, the gentlewoman from California (Ms. MAXINE WATERS), and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Ms. MAXINE WATERS of California. Mr. Speaker, as I mentioned during the general debate on H.R. 4498, I am offering this amendment today in order to clarify and improve the bill. If this amendment is accepted, I am prepared to support this legislation.

Indeed, I support the goal of connecting angel investor groups with companies seeking funding, particularly startups and emerging firms. Angel investor groups tend to be comprised of highly sophisticated individuals with significant experience investing in higher risk offerings. They tend to curate their groups carefully and are good gatekeepers for these demo day events.

As such, my amendment seeks to support the efforts of these angel investor associations without creating a harmful loophole in some of the protections we put in place when we adopted the JOBS Act of 2012. This amendment includes several provisions to advance these goals.

First, my amendment stipulates that no sponsor of a demo day can collect finders' fees for connecting investors to companies. This provision ensures that event sponsors—colleges, nonprofits, trade associations, or otherwise—don't have perverse incentives to drum up securities sales.

Second, my amendment limits the relief offered under the bill to actual operating companies in the “real economy.” As such, it excludes certain entities like shell companies and investment vehicles like hedge funds. I think that my amendment is appropriately calibrated to ensure that the benefits provided under the bill go to startups like technology firms or manufacturing companies rather than opaque or speculative firms.

Third, my amendment would codify the relief the SEC has already provided for angel investor groups as it relates to these demo days. This will provide legal certainty to these groups without

opening up any new loopholes. Let me describe how this would work.

If the company wants to hold a demo day and also condition the market for a securities sale, as H.R. 4498 would allow, they would have to curate the group of people that attend the event. To be clear, under the bill as currently drafted, companies aren't limited to holding science fair-style demonstrations. They can discuss actual securities being offered, the types and amounts of those securities, who has already subscribed to their offerings, and how they intend to use the proceeds of the offering.

Under the SEC's relief and codified in this provision in my amendment, companies can hold these presentations, can talk about their securities, and can solicit attendance. They can even avoid the accredited investor verification requirement in the JOBS Act. They just have to call their existing networks of accredited investors and angel investor group members rather than blasting out an invitation to an entire college campus. If companies do want to blast out the invitation to entire campuses, they still can; they just have to abide by the verification provisions in the JOBS Act.

In summary, this amendment I am offering today ensures that no loopholes to the JOBS Act verification requirement are opened up, that all manner of conflicted fees are prohibited, and that the benefits of the bill go to actual operating companies. And that is very important, actual operating companies.

Mr. Speaker, whether it is through my work to clarify and improve the JOBS Act during the 112th Congress or my work with members on the committee this Congress to amend the definition of “accredited investors” or through my amendment today, I have long shown a willingness to work in good faith on issues related to capital formation. I would urge my colleagues to adopt my amendment so that we can all support a strong, bipartisan bill.

Mr. HENSARLING brags about how many Democrats supported this bill. He brags about the fact that, in committee and then on the floor, we all tried to be very cooperative in the JOBS Act. And I bent over backwards to ensure that we could get a JOBS Act to see what could happen with creating jobs, but what they have done now is to go a step further beyond what we agreed upon.

Mr. Speaker, I ask for an “aye” vote on my amendment.

I yield back the balance of my time.

Mr. HENSARLING. Mr. Speaker, I rise in opposition to the amendment.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Speaker, the amendment from the ranking member of the Financial Services Committee effectively repeals the HALOS Act.

We are having the same debate that we just had. It would effectively outlaw

demo days as they are currently practiced. The whole idea of the HALOS Act is to ensure that demo days, which existed prior to this SEC rule, will continue and that startups can continue to have access to capital without the additional burden of having to screen those who actually come in to demo days.

Mr. Speaker, again, a private offering. The security can only be purchased by an accredited investor. Those are the existing rules. So there is almost a mythical group that the ranking member is attempting to protect. At the end of the day, these are millionaire investors who are the angel investors, who are the accredited investors whom we need to help fund these startups.

What the gentlewoman from California's amendment does, again, is guts the bill. It basically just simply codifies this SEC rule, and that absolutely overturns the congressional intent to make sure that we have greater access to capital.

In addition, there is an entire new defined term of "issuer" in her amendment, notwithstanding the fact that this is already defined in section 3(aa) of the Securities and Exchange Act of 1934. So we have undefined, vague terms that are being introduced here.

I would also remind the gentlewoman from California and all that the HALOS Act already prohibits a sponsor from engaging in investment negotiations between the issuer and investors, charging event attendees any fees other than administrative fees, and receiving any compensation that would require the sponsor to register with the SEC as a broker-dealer or investment adviser.

So these are ill-placed concerns that at the end of the day put up yet another hurdle for angel investors funding the next new Facebook, the next new Costco, the next new Starbucks, and putting tens of thousands of Americans back to work.

It is time that we affirm the JOBS bill, not gut the JOBS bill, and I would urge all Members to reject the amendment of the gentlewoman from California.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to the rule, the previous question is ordered on the bill, and on the amendment by the gentlewoman from California (Ms. MAXINE WATERS).

The question is on the amendment by the gentlewoman from California (Ms. MAXINE WATERS).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Ms. MAXINE WATERS of California. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on adoption of the amendment will be followed by 5-minute votes on:

A motion to recommit, if ordered; Passage of the bill, if ordered; and The motion to suspend the rules and pass S. 1890.

The vote was taken by electronic device, and there were—yeas 139, nays 272, not voting 22, as follows:

[Roll No. 170]

YEAS—139

Adams Gallego
 Bass Garamendi
 Beatty Graham
 Becerra Grayson
 Bishop (GA) Green, Al
 Blumenauer Green, Gene
 Bonamici Grijalva
 Boyle, Brendan Hahn
 F. Hastings
 Brady (PA) Heck (WA)
 Brown (FL) Higgins
 Butterfield Hinojosa
 Capps Honda
 Capuano Hoyer
 Carson (IN) Huffman
 Cartwright Israel
 Castor (FL) Johnson (GA)
 Castro (TX) Johnson, E. B.
 Chu, Judy Keating
 Cicilline Kelly (IL)
 Clark (MA) Kennedy
 Clarke (NY) Kildee
 Clay Kilmer
 Clyburn Kind
 Cohen Kirkpatrick
 Courtney Sarbanes
 Crowley Larsen (WA)
 Cuellar Larson (CT)
 Cummings Lee
 Davis (CA) Levin
 Davis, Danny Lewis
 DeFazio Lieu, Ted
 DeGette Loebsack
 DeLauro Sires
 DeBene Lofgren
 DeSaulnier Lowenthal
 Deutch Lowey
 Dingell Lujan Grisham
 Doggett (NM)
 Doyle, Michael Luján, Ben Ray
 F. (NM)
 Duckworth Maloney,
 Edwards Carolyn
 Engel Matsui
 Esty McCollum
 Farr McDermott
 Frankel (FL) McGovern
 Fudge Mc Nerney
 Gabbard Meeks
 Meng

NAYS—272

Abraham Carter (GA)
 Aderholt Carter (TX)
 Aguilar Chabot
 Allen Chaffetz
 Amash Clawson (FL)
 Ashford Cleaver
 Babin Coffman
 Barletta Cole
 Barr Collins (GA)
 Barton Collins (NY)
 Benishek Comstock
 Bera Conaway
 Beyer Connolly
 Bilirakis Cook
 Bishop (MI) Cooper
 Bishop (UT) Costa
 Black Costello (PA)
 Blackburn Cramer
 Blum Crawford
 Bost Crenshaw
 Boustany Culberson
 Brady (TX) Curbelo (FL)
 Brat Davis, Rodney
 Bridenstine Delaney
 Brooks (AL) Denham
 Brooks (IN) Dent
 Brownley (CA) DeSantis
 Buchanan DesJarlais
 Buck Diaz-Balart
 Bucshon Dold
 Burgess Donovan
 Bustos Duffy
 Byrne Duncan (SC)
 Calvert Duncan (TN)
 Cárdenas Ellison
 Carney Ellmers (NC)

Hill
 Himes
 Holding
 Hudson
 Huelskamp
 Huizenga (MI)
 Hultgren
 Mullin
 Hunter
 Hurd (TX)
 Hurt (VA)
 Jenkins (KS)
 Jenkins (WV)
 Johnson (OH)
 Johnson, Sam
 Jolly
 Jones
 Jordan
 Joyce
 Katko
 Kelly (MS)
 Kelly (PA)
 King (IA)
 King (NY)
 Kinzinger (IL)
 Kline
 Knight
 Kuster
 Labrador
 LaHood
 LaMalfa
 Lamborn
 Lance
 Latta
 Lipinski
 LoBiondo
 Long
 Loudermilk
 Love
 Lucas
 Luetkemeyer
 Lummis
 Maloney, Sean
 Marchant
 Marino
 Massie
 McCarthy
 McClintock
 McHenry
 McKinley
 McMorris
 Rodgers
 McSally
 Meadows
 Meehan
 Messer

Mica
 Miller (FL)
 Miller (MI)
 Moolenaar
 Mooney (WV)
 Moulton
 Mulvaney
 Murphy (PA)
 Neugebauer
 Newhouse
 Noem
 Nugent
 Nunes
 Olson
 Palazzo
 Palmer
 Paulsen
 Pearce
 Perry
 Peters
 Peterson
 Pitts
 Poe (TX)
 Poliquin
 Polis
 Pompeo
 Posey
 Price, Tom
 Ratcliffe
 Reed
 Reichert
 Renacci
 Ribble
 Rice (NY)
 Rice (SC)
 Rigell
 Roby
 Roe (TN)
 Rogers (AL)
 Rogers (KY)
 Rohrabacher
 Rokita
 Rooney (FL)
 Ros-Lehtinen
 Roskam
 Ross
 Rothfus
 Rouzer
 Royce
 Ruiz
 Russell
 Salmon
 Sanford
 Scalise

NOT VOTING—22

Amodei
 Conyers
 Fattah
 Gohmert
 Gutiérrez
 Hanna
 Issa
 Jackson Lee
 Jeffries
 Kaptur
 Lawrence
 Lynch
 MacArthur
 McCaul
 Pascrell
 Pittenger
 Richmond
 Sewell (AL)
 Torres
 Van Hollen
 Wasserman
 Schultz
 Westmoreland

□ 1719

Messrs. FARENTHOLD, GROTHMAN, RUSSELL, POE of Texas, Ms. HERRERA BEUTLER, Mr. HULTGREN, Ms. ESHOO, Messrs. CULBERSON, ROKITA, CALVERT, WITTMAN, and SHUSTER changed their vote from "yea" to "nay."

Messrs. CARSON of Indiana, KILMER, and SCHIFF changed their vote from "nay" to "yea."

So the amendment was rejected. The result of the vote was announced as above recorded.

Stated for: Mr. ELLISON. Mr. Speaker, during rollcall vote No. 170 on H.R. 4998, I mistakenly recorded my vote as "no" when I should have voted "yes."

The SPEAKER pro tempore (Mr. CARTER of Georgia). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HENSARLING. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 325, nays 89, not voting 19, as follows:

[Roll No. 171]

YEAS—325

Abraham	Dold	Kinzinger (IL)
Aderholt	Donovan	Kirkpatrick
Aguilar	Duckworth	Kline
Allen	Duffy	Knight
Amash	Duncan (SC)	Kuster
Ashford	Duncan (TN)	Labrador
Babin	Edwards	LaHood
Barletta	Ellmers (NC)	LaMalfa
Barr	Emmer (MN)	Lamborn
Barton	Eshoo	Lance
Beatty	Esty	Larsen (WA)
Benishek	Farenthold	Larson (CT)
Bera	Farr	Latta
Beyer	Fincher	Levin
Bilirakis	Fitzpatrick	Lieu, Ted
Bishop (GA)	Fleischmann	Lipinski
Bishop (MI)	Fleming	LoBiondo
Bishop (UT)	Flores	Loebsack
Black	Forbes	Long
Blackburn	Fortenberry	Loudermilk
Blum	Foster	Love
Bost	Fox	Lucas
Boustany	Franks (AZ)	Luetkemeyer
Boyle, Brendan F.	Frelinghuysen	Lujan Grisham
Brady (TX)	Garamendi	(NM)
Brat	Garrett	Lujan, Ben Ray
Bridenstine	Gibbs	(NM)
Brooks (AL)	Gibson	Lummis
Brooks (IN)	Goodlatte	Maloney,
Brownley (CA)	Gosar	Carolyn
Buchanan	Gowdy	Maloney, Sean
Buck	Graham	Marchant
Bucshon	Granger	Marino
Burgess	Graves (GA)	Massie
Bustos	Graves (LA)	Matsui
Byrne	Graves (MO)	McCarthy
Calvert	Griffith	McClintock
Capps	Grothman	McCollum
Cárdenas	Guinta	McHenry
Carney	Guthrie	McKinley
Carter (GA)	Hahn	McMorris
Carter (TX)	Hardy	Rodgers
Castor (FL)	Harper	McSally
Castro (TX)	Harris	Meadows
Chabot	Hartzler	Meehan
Chaffetz	Heck (NV)	Meeks
Clawson (FL)	Hensarling	Meng
Coffman	Herrera Beutler	Messer
Cole	Hice, Jody B.	Mica
Collins (GA)	Hill	Miller (FL)
Collins (NY)	Himes	Miller (MI)
Comstock	Hinojosa	Moolenaar
Conaway	Holding	Mooney (WV)
Connolly	Hoyer	Moulton
Cook	Hudson	Mullin
Cooper	Huelskamp	Mulvaney
Costa	Huizenga (MI)	Murphy (FL)
Costello (PA)	Huntgren	Murphy (PA)
Courtney	Hunter	Neal
Cramer	Hurd (TX)	Neugebauer
Crawford	Hurt (VA)	Newhouse
Crenshaw	Jenkins (KS)	Noem
Crowley	Jenkins (WV)	Nolan
Cuellar	Johnson (OH)	Nugent
Culberson	Johnson, Sam	Nunes
Curbelo (FL)	Jolly	Olson
Davis (CA)	Jones	Palazzo
Davis, Rodney	Jordan	Palmer
DeFazio	Joyce	Paulsen
DeGette	Katko	Pearce
Delaney	Keating	Perlmutter
DelBene	Kelly (IL)	Perry
Denham	Kelly (MS)	Peters
Dent	Kelly (PA)	Peterson
DeSantis	Kennedy	Pingree
DesJarlais	Kilmer	Pitts
Deutch	Kind	Poe (TX)
Diaz-Balart	King (IA)	Poliquin
	King (NY)	Polis

Pompeo	Scalise	Turner
Posey	Schiff	Upton
Price (NC)	Schrader	Valadao
Price, Tom	Schweikert	Vargas
Quigley	Scott, Austin	Veasey
Ratcliffe	Scott, David	Vela
Reed	Sensenbrenner	Wagner
Reichert	Sessions	Walberg
Renacci	Shimkus	Walden
Ribble	Shuster	Walker
Rice (NY)	Simpson	Walorski
Rice (SC)	Sinema	Walters, Mimi
Rigell	Smith (MO)	Walz
Roby	Smith (NE)	Weber (TX)
Roe (TN)	Smith (NJ)	Webster (FL)
Rogers (AL)	Smith (TX)	Wenstrup
Rogers (KY)	Speier	Westerman
Rohrabacher	Stefanik	Whitfield
Rokita	Stewart	Williams
Rooney (FL)	Stivers	Wilson (SC)
Ros-Lehtinen	Stutzman	Wittman
Roskam	Swalwell (CA)	Womack
Ross	Takai	Woodall
Rothfus	Thompson (CA)	Yarmuth
Rouzer	Thompson (PA)	Yoder
Royce	Thornberry	Yoho
Ruiz	Tiberi	Young (AK)
Ruppersberger	Tipton	Young (IA)
Russell	Titus	Young (IN)
Salmon	Trott	Zeldin
Sanford	Tsongas	Zinke

NAYS—89

Adams	Gabbard
Bass	Gallego
Becerra	Grayson
Blumenauer	Green, Al
Bonamici	Green, Gene
Brady (PA)	Grijalva
Brown (FL)	Hastings
Butterfield	Heck (WA)
Capuano	Higgins
Carson (IN)	Honda
Cartwright	Huffman
Chu, Judy	Israel
Ciциlline	Johnson (GA)
Clark (MA)	Johnson, E. B.
Clarke (NY)	Kaptur
Clay	Kildee
Cleaver	Langevin
Clyburn	Lee
Cohen	Lewis
Cummings	Lofgren
Davis, Danny	Lowenthal
DeLauro	Lowe
DeSaulnier	Lynch
Dingell	McDermott
Doggett	McGovern
Doyle, Michael F.	McNerney
Ellison	Moore
Engel	Nadler
Frankel (FL)	Napolitano
Fudge	Norcross
	O'Rourke

NOT VOTING—19

Amodei	Jeffries	Sewell (AL)
Conyers	Lawrence	Torres
Fattah	MacArthur	Van Hollen
Gohmert	McCaul	Wasserman
Gutiérrez	Pittenger	Schultz
Hanna	Richmond	Westmoreland
Issa		

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining.

□ 1726

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

DEFEND TRADE SECRETS ACT OF 2016

The SPEAKER pro tempore. The unfinished business is the vote on the motion to suspend the rules and pass the bill (S. 1890) to amend chapter 90 of title 18, United States Code, to provide

Federal jurisdiction for the theft of trade secrets, and for other purposes, on which the yeas and nays were ordered.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Virginia (Mr. GOODLATTE) that the House suspend the rules and pass the bill.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 410, nays 2, not voting 21, as follows:

[Roll No. 172]

YEAS—410

Abraham	Cramer	Harris
Adams	Crawford	Hartzler
Aderholt	Crenshaw	Hastings
Aguilar	Crowley	Heck (NV)
Allen	Cuellar	Heck (WA)
Ashford	Culberson	Hensarling
Babin	Cummings	Herrera Beutler
Barletta	Curbelo (FL)	Hice, Jody B.
Barr	Davis (CA)	Higgins
Barton	Davis, Danny	Hill
Bass	Davis, Rodney	Himes
Beatty	DeFazio	Hinojosa
Becerra	DeGette	Holding
Benishek	Delaney	Honda
Bera	DeLauro	Hoyer
Beyer	DelBene	Hudson
Bilirakis	Denham	Huelskamp
Bishop (GA)	Dent	Huffman
Bishop (MI)	DeSantis	Huizenga (MI)
Bishop (UT)	DeSaulnier	Hultgren
Black	DesJarlais	Hunter
Blackburn	Deutch	Hurd (TX)
Blum	Blum	Diaz-Balart
Boyle, Brendan F.	Blumenauer	Dingell
Brady (PA)	Bonamici	Doggett
Brady (TX)	Bost	Dold
Brat	Boustany	Donovan
Bridenstine	Boyle, Brendan F.	Doyle, Michael F.
Brooks (AL)	Brady (PA)	Duckworth
Brooks (IN)	Brady (TX)	Duffy
Brownley (CA)	Brat	Duncan (SC)
Buchanan	Bridenstine	Duncan (TN)
Buck	Brooks (AL)	Edwards
Bucshon	Brooks (IN)	Ellison
Burgess	Brown (FL)	Ellmers (NC)
Bustos	Brownley (CA)	Emmer (MN)
Byrne	Buchanan	Engel
Calvert	Buck	Esty
Capps	Bucshon	Farenthold
Cárdenas	Burgess	Farr
Carney	Bustos	Fincher
Carter (GA)	Butterfield	Fitzpatrick
Carter (TX)	Byrne	Fleischmann
Castor (FL)	Calvert	Fleming
Castro (TX)	Capps	Flores
Chabot	Capuano	Forbes
Chaffetz	Cárdenas	Fortenberry
Clawson (FL)	Carney	Foster
Coffman	Carson (IN)	Fox
Cole	Carter (GA)	Frankel (FL)
Collins (GA)	Carter (TX)	Franks (AZ)
Collins (NY)	Cartwright	Frelinghuysen
Comstock	Castor (FL)	Fudge
Conaway	Castro (TX)	Gabbard
Connolly	Chabot	Gallego
Cook	Chaffetz	Garamendi
Cooper	Chu, Judy	Garrett
Costa	Ciциlline	Gibbs
Costello (PA)	Clark (MA)	Gibson
Courtney	Clarke (NY)	Goodlatte
Cramer	Clawson (FL)	Gosar
Crawford	Clay	Gowdy
Crenshaw	Cleaver	Graham
Crowley	Clyburn	Granger
Cuellar	Coffman	Graves (GA)
Culberson	Cohen	Graves (LA)
Curbelo (FL)	Cole	Graves (MO)
Davis (CA)	Collins (GA)	Grayson
Davis, Rodney	Collins (NY)	Green, Al
DeFazio	Comstock	Green, Gene
DeGette	Conaway	Griffith
Delaney	Connolly	Grijalva
DelBene	Cook	Grothman
Denham	Cooper	Guinta
Dent	Costa	Guthrie
DeSantis	Costello (PA)	Hardy
DesJarlais	Courtney	Harper