



September 30, 2014

The Honorable Mary Jo White, Chairman
US Securities and Exchange Commission
100 F St. NE
Washington, DC 20549

RE: Accredited Investor Definition

Dear Chairman White:

As the Managing Director of IrishAngels and a member of the Angel Capital Association (ACA) and, I urge the Commission to please protect angel funding and the health of the startup economy we support by retaining the existing financial thresholds in the current accredited investor definition. These thresholds -- \$1 million in net worth or \$200,000 in income -- have worked well for decades, creating a vital accredited angel investor sector that is the primary source of funds – **over \$20 billion per year** (please see an attachment from a course I teach on angel investing at the University of Notre Dame for data sources) – for early-stage companies that drive the innovation economy and job-creation nationwide.

IrishAngels, founded in October 2012, currently has 135 members, and we operate with a budget of \$250,000 per year which covers the salaries of two staff people. The change in this definition would mean that the group that we've worked so hard to build over the past two years – that has invested over \$3 million in nine startups – would be reduced from 135 to roughly 55 members. I could lose my job, and our funding would reduce from our current average of \$2.5 million per year to under \$1 million per year, if our group is even able to survive this seismic shift in the funding landscape. I give you these figures as examples of an actual group that is thriving and creating jobs in our economy to illustrate what might happen if the accredited investor definitions change.

I urge the Commission to adopt the following approach to the accredited investor definition:

- Maintain the current financial thresholds of \$200,000 income per individual; \$300,000 for joint filers, or \$1 million net worth not including primary residence for individuals to qualify as accredited investors.
- Incorporate the concept of “sophistication” for individuals who do not meet the above thresholds to prudently expand the accredited investor pool, using a detailed questionnaire to identify qualitative information about knowledge and experience with this type of investment.

Such an approach will continue to provide investor protection while also recognizing the growing role and importance of accredited investor investment in innovation and growth that are essential to serve the public interest and sustain our nation's economy.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Gale Bowman".

Gale Bowman
Managing Director, IrishAngels

Attachment

Comparison of seed & early-stage investment sources*:

	Angel Investing	Venture Capital
Avg. Investment Size	\$600K	\$3M+
Avg. Pre-Money Valuation	\$2.5M	\$5-6M
Number of Investors	320k Individuals	525 Active Firms
Exit horizon	5-7 Years	5-10 Years
Expected return	5-10x cash on cash	10-100x cash on cash
% Seed or Early Stage Inv.	98%	32%
Source of Funds	Invest own \$	Invest other people's \$
Capital Deployed Annually	\$22.5B	\$29.5B

*Data sources: Angel Capital Association HALO report, UNH Ctr. For Venture Research, NVCA Yearbook 2011