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Congress of the United States
House of Representatives

GREGORY W. MEEKS
5TH DISTRICT, NEW YORK

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FINANCIAL INSTITUTIONS AND
CONSUMER CREDIT
CAPITAL MARKETS AND
GOVERNMENT SPONSORED ENTERPRISES

September 5, 2018

The Honorable Jay Clayton
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Clayton:

I write to urge the Securities and Exchange Commission (“SEC” or “Commission”) to study and report on the unique challenges faced by minority entrepreneurs in accessing funding through the private capital markets, including the specific experiences of investors in minority-owned firms. The Commission should include its findings within its overall review of the private capital markets.

According to an August 2018 *Wall Street Journal* report, the Commission plans to study how to expand individual investors’ access to the private markets. The Commission’s reported goals are to increase participation among retail investors in the private markets in a safe way, and to expand private financing opportunities for firms that lack access to our public capital markets.

What is not clear from the public reporting on the SEC’s planned study is the extent to which the Commission will disaggregate its analysis to focus on the unique experiences of minority firms and their investors, consistent with the law.

In 2016, Congress mandated that the SEC report annually with a “summary of the most serious issues encountered by small businesses and small business investors, including any unique issues encountered by minority-owned and women-owned small businesses and their investors.”^[1] Such a report has yet to be submitted to Congress since the Commission has not appointed an Advocate for Small Business Capital Formation.

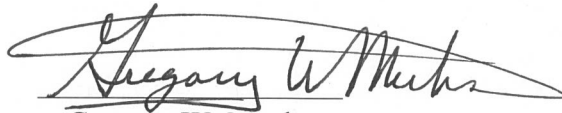
Although I understand that the SEC is in the process of establishing the Office of the Advocate for Small Business Capital Formation, the SEC should not miss this opportunity to become compliant with the law. An analysis of the unique experiences of minority firms and their investors is within the Commission’s goal of revamping the regulatory framework for the private markets as a way to expand

^[1] 15 U.S. Code § 78d

wealth opportunities for mom-and-pop investors. But most important, such an analysis is what Congress has mandated and the Commission has failed to do so since 2016.

In closing, I applaud the Commission for remaining true to its mission of facilitating capital formation, regardless of whether that capital originates from the public or private markets. However, the SEC should go one step further consistent with Congress's intent. Considering our nation's racial wealth gap, which is a hindrance to a well-functioning economy and a robust business environment, the SEC should report on the particularized issues faced by minority entrepreneurs and their investors to comport with the Commission's historic mission and current law.

Sincerely,

A handwritten signature in black ink, reading "Gregory W. Meeks". The signature is written in a cursive style with a large, sweeping flourish that extends to the right and loops back under the name.

Gregory W. Meeks
Member of Congress