



October 9, 2024

The Honorable Tim Scott  
Ranking Member  
U.S. Senate Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, D.C. 20510

Dear Ranking Member Scott,

I am writing to express Crowdfund Capital Advisors' strong support for the Empowering Main Street in America Act of 2024, a vital piece of legislation that will help expand capital access to startups and small businesses across the country. This bill represents a key step toward promoting entrepreneurship in the U.S., particularly for women and minority entrepreneurs, who remain among the most underserved in the traditional financial system.

Crowdfund Capital Advisors is a leader in crowdfunding research and advocacy, dedicated to analyzing the growth and impact of the industry through our proprietary data platform, CCLEAR. We collect and analyze comprehensive data on crowdfunding campaigns, success rates, and business performance across the U.S., with a particular focus on supporting underserved entrepreneurs. Our research and reports provide valuable insights into how Regulation Crowdfunding (Reg CF) has helped democratize access to capital, foster job creation, and drive economic growth.

The Empowering Main Street Act builds on the bipartisan success of the JOBS Act of 2012 and will provide critical support for small businesses by reducing barriers to capital formation while maintaining essential investor protections. This is particularly important for women and minority founders, who have historically faced systemic challenges in accessing traditional forms of capital, such as venture capital and bank loans.

### **Expanding Capital Access in a Safe, Regulated Environment**

The Empowering Main Street Act seeks to build upon the foundation of Regulation Crowdfunding (Reg CF) by promoting broader access to capital markets for smaller businesses, while ensuring that investor protections remain strong. Reg CF, established under the JOBS Act, has already proven itself as a safe and regulated environment that enables everyday Americans to invest in businesses they believe in while protecting both investors and issuers from fraud through structured disclosures and accountability measures.



Unlike many unregulated private offerings, Reg CF mandates strict transparency requirements, including clear financial disclosures, ongoing reporting obligations, and a cap on individual investments to prevent overexposure to risk. These safeguards protect investors while also allowing entrepreneurs—particularly women and minority founders—to raise capital from a broad base of supporters.

### **The Impact on Underserved Entrepreneurs**

While this bill stands to benefit all small businesses, it will disproportionately help women and minority entrepreneurs, who continue to face significant challenges in accessing traditional forms of capital. In venture capital markets, only 2% of funding goes to women and minority founders, a stark disparity that reflects systemic barriers in traditional financing channels. By comparison, Reg CF has allocated 23.5% of its total funding to women and minority founders over the past year, demonstrating the platform's more equitable capital distribution.

In the past year, 40.7% of all Reg CF campaigns had at least one woman or minority founder, with women achieving an impressive 66.6% success rate, outpacing both white men and minority men. This success is not only measurable in terms of funds raised but also in the broader economic impact these businesses are having.

### **Job Creation and Economic Growth**

Women- and minority-led businesses funded through Reg CF are contributing significantly to the U.S. economy. Over the past 12 months, 31.2% of jobs created through Reg CF-funded companies were generated by women and minority founders, demonstrating the real-world impact of expanding access to capital. These businesses also saw average revenue growth of 19%, proving that when provided the right resources, women and minority entrepreneurs can grow and sustain their companies.

Furthermore, Reg CF is helping to democratize access to capital beyond traditional venture capital hubs. While cities like Los Angeles, New York, San Francisco, and Chicago remain strongholds for entrepreneurial activity, smaller cities such as Pittsburgh, Portland, and Philadelphia have seen substantial growth in Reg CF-funded businesses. This geographic diversity highlights Reg CF's ability to decentralize capital access and support innovation in all corners of the country.

### **Promoting Accountability and Investor Trust**

A key strength of the Empowering Main Street Act is its commitment to transparency and investor confidence. The bill enhances the role of the SEC Ombudsman, who will act as a liaison between small businesses, investors, and crowdfunding intermediaries to ensure that concerns are addressed and that the regulatory environment remains both flexible



and protective. By continuing to promote strong investor protections, the Empowering Main Street Act ensures that capital formation is conducted responsibly and sustainably, reducing the risk of fraud or misconduct.

Reg CF's built-in safeguards, such as mandatory disclosures, capped investment limits, and intermediary oversight, ensure that both investors and issuers operate in a transparent and accountable marketplace. These measures are critical for maintaining the integrity of the crowdfunding ecosystem while fostering trust and engagement from investors who might otherwise be hesitant to participate.

### **Investor-Community Engagement**

One of the unique strengths of Reg CF, and by extension the Empowering Main Street Act, is the way it fosters community-driven investment. Research shows that 80% of investors in Reg CF campaigns come from the issuer's first-degree network, often consisting of friends, family, local community members, and customers. This model, where customers become investors—or as we call "Investomers"—creates not only financial backing but also strong community engagement. For women and minority entrepreneurs, who often lack the traditional networks available to their peers, this type of investment is invaluable.

By promoting a model of community-supported capital raising, the Empowering Main Street Act will help strengthen the relationship between businesses and their local communities, fostering long-term loyalty, engagement, and shared success.

### **A Proven Path to Long-Term Success**

Businesses funded through Reg CF have shown remarkable resilience and success. Only 6.5% of women- and minority-led companies funded through Reg CF have closed their doors in the first five years, compared to 17.8% of all Reg CF companies and 50% of businesses nationwide, according to the Bureau of Labor Statistics. Moreover, 24.4% of women- and minority-founded businesses have gone on to raise follow-on financing, a clear indicator that they are achieving key milestones and continuing to attract investor interest.

The Empowering Main Street in America Act of 2024 is a crucial piece of legislation that builds on the success of the JOBS Act and further expands access to capital for small businesses, especially for those led by women and minority entrepreneurs. By maintaining strong investor protections, promoting transparency, and encouraging community-driven investment, this bill will help create a more inclusive economy where all entrepreneurs have the opportunity to succeed.



We urge Congress to pass this important legislation, which will strengthen the American entrepreneurial ecosystem and ensure that all small businesses—regardless of background, location, or size—can access the capital they need to grow.

Thank you for your leadership and your commitment to promoting a stronger, more equitable economic future.

Sincerely,

A handwritten signature in black ink, appearing to read "Sherwood Neiss". The signature is fluid and cursive, with a prominent initial "S" and a long, sweeping tail.

Sherwood Neiss  
202-247-7182

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