



Consumer Federation of America



Experts Agree: The JOBS Act weakens investor protections, undermines market transparency, and will increase the cost of capital. It is a JOBS Act in name only.

To fix this deeply flawed bill:

- **Vote YES on cloture for Reed-Landrieu-Levin Amendment**
- **Vote NO on cloture for the House bill if the amendment fails to pass**

Two weeks ago, the House gave bipartisan approval to a JOBS Act that is opposed by a growing number of current and former securities regulators, investors, consumer groups, unions, seniors, market experts and legal scholars because it would undermine important investor protections without promoting meaningful, sustainable job growth. Opponents of the House bill are looking to the Senate to adopt a more balanced and thoughtful approach, one that narrowly targets legitimate barriers to capital formation without taking a hatchet to regulations that are essential to protecting investors and promoting the transparency and integrity of our capital markets. The Reed-Landrieu-Levin substitute amendment offers that more balanced approach, providing regulatory relief in each of the areas addressed in the House bill, but without eviscerating investor protections in the process.

Senators who care about investor protection must vote YES on the Reed-Landrieu-Levin amendment and, if it fails to garner the 60 votes necessary to invoke cloture, vote NO on cloture for the dangerous and damaging JOBS Act.

Below is a sampling of recent articles that highlight the legislation's many flaws and explain why so many different groups and individuals have come out in opposition. Please contact CFA Director of Investor Protection Barbara Roper (bnroper@comcast.net, cell: 719-569-9159, office: 719-543-9468) if you have any questions about our position on the legislation.

JOBS Act Coverage Shows Broad Opposition to Bill's Anti-Investor Provisions

JOBS Act Not About Jobs: A *New York Times* editorial ("You Scratch My Back ..." March 20, 2012) argues that the JOBS Act is not about jobs at all, "It is about undoing investor safeguards in federal law, including parts of the Sarbanes-Oxley law and other landmark protections, so that companies can raise money without having to follow rules on disclosure, accounting, auditing and other regulatory mainstays." The editorial specifically calls out as a sham supporting the pro-investor Reed-Landrieu-Levin amendment and then supporting the anti-investor bill when

that amendment fails. “That will allow many Democrats to vote for the amendments, appearing to support investor protections, but without having to worry about them actually passing. When the amendments fail, the Senate is likely to pass the House version, and Mr. Obama seems likely to go along — despite the harm that would mean to investors, the markets and the economy.”

http://www.nytimes.com/2012/03/20/opinion/you-scratch-my-back.html?_r=1&partner=rssnyt&emc=rss

Jobs for Criminalologists: In a blog on Huffington Post (“The JOBS Act Is So Criminogenic That It Guarantees Full-Time Jobs for Criminologists,” March 20, 2012) professor and financial fraud experts William K. Black, Henry N. Pontell, and Gilbert Geis write that the JOBS Act will provide white collar criminologists like them “with job security for life.” They write: “The ‘Jumpstart Our Business Startups’ Act, the comically forced effort to create a catchy acronym, is the most cynical bill to emerge from a cynical Congress and Administration. It is an exemplar of why congressional approval ratings are well below those of used car dealers. The JOBS Act is something only a financial scavenger could love. It will create a fraud-friendly and fraud-enhancing environment. It will add to the unprecedented level of financial fraud by our most elite CEOs that has devastated the U.S. and European economies and cost over 20 million people their jobs. Financial fraud is a prime jobs killer.”

http://www.huffingtonpost.com/william-k-black/jobs-act_b_1366565.html?ref=business

A Colossal Mistake: Economist Simon Johnson compares passage of the JOBS Act to previous bipartisan deregulatory bills – in particular Gramm-Leach-Bliley – that set the stage for the financial crisis (“A Colossal Mistake of Historic Proportions,” *The Baseline Scenario*, March 19, 2012). He writes: “With the so-called JOBS bill, on which the Senate is due to vote Tuesday, Congress is about to make the same kind of mistake again – this time abandoning much of the 1930s-era securities legislation that both served investors well and helped make the US one of the best places in the world to raise capital. We find ourselves again on a bipartisan route to disaster ... Financial deregulation was the result of decades-long delusion and bipartisan consensus. A major undermining of our securities law seems likely to take place on Tuesday – in a rushed moment of legislative madness.”

http://baselinescenario.com/2012/03/19/a-colossal-mistake-of-historic-proportions-the-jobs-bill/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+BaselineScenario+%28The+Baseline+Scenario%29

Institutional Investors Oppose the JOBS Act: Less than a third of CFA Institute members in the United States are enthusiastic about the JOBS Act as passed by the House and now under consideration of the Senate, according to a recent survey by the global association of investment professionals (as reported by Marketwatch, March 19, 2012). Just 29 percent of members think the Senate should pass the bill as is, and 63 percent believe that the proposed bill would create additional gaps in investor protection and transparency. In addition, 59 percent of members think the bill would decrease an investor’s ability to make informed investment decisions.

<http://www.marketwatch.com/story/only-29-of-cfa-institute-members-want-jobs-act-passed->

[2012-03-19](#)

Kill the JOBS Act: In a column in *Slate* (“Kill the JOBS Act!” March 19, 2012 Slate.com), former New York Governor and Attorney General Eliot Spitzer writes: “Once again, the Puppets on Capitol Hill are about to slam the Muppets on Main Street. The country still hasn’t recovered from the Wall Street-induced financial cataclysm of 2008, yet Congress is preparing to enact the Orwellian ‘JOBS Act’—a bill that should in fact be called the ‘Return Fraud to Wall Street in One Easy Step Act.’ The bill will undo some of the most important reforms placed on Wall Street in a generation.”

http://www.slate.com/articles/news_and_politics/the_best_policy/2012/03/the_jobs_act_the_appalling_bill_that_would_repeal_essential_wall_street_reforms.html

JOBS Act Merits Greater Scrutiny: A March 18 editorial in *Investment News* states: “As much as it warms the cockles of our hearts to see House Republicans, Senate Democrats and President Barack Obama united in their efforts to get more Americans back to work, we are discouraged that they are all rallying behind a set of proposals that inevitably would hurt investors. The Jump-start Our Business Start-up Act, which was overwhelmingly passed in the House two weeks ago and will be debated this week in the Senate, is a compilation of six bills intended to encourage entrepreneurship and capital formation. Proponents of the JOBS Act — and they aren’t hard to find in an election year — contend that the measure would make it easier for small businesses to raise money, thereby eliminating a major obstacle to job growth. But the JOBS Act really isn’t about job growth. It is about election-year politics. It’s about Mr. Obama’s desire to make peace with corporate America. And it’s about an attempt by our leaders in Congress to appease Wall Street’s desire for less regulation and transparency — all in the name of ‘job creation.’ If passed, the JOBS Act would undo many regulations and protections in place.”

<http://www.investmentnews.com/apps/pbcs.dll/article?AID=/20120318/REG/303189982&cslet=UnhOY2iLYjIMUE9VK2pjMXNkbTdUZk5xcnVmcXVXYz0>

A Bipartisan Bridge Too Far: A Bloomberg editorial (“Small Biz Job Act is a Bipartisan Bridge Too Far,” *Bloomberg*, March 18, 2012) argues that, “The JOBS Act goes too far. It would gut many of the investor protections established just a decade ago in the 2002 [Sarbanes-Oxley law](#). A wave of accounting scandals -- think Enron and WorldCom -- had destroyed the nest eggs of millions of Americans and upended investor confidence in [Wall Street](#). The relief would extend beyond small businesses and apply to more than 90 percent of companies that go public.”

<http://www.bloomberg.com/news/2012-03-18/small-biz-jobs-act-is-a-bipartisan-bridge-too-far-view.html>

JOBS Act Paves the Path to Fraud: *New York Times* business writer and columnist Floyd Norris expresses amazement that Wall Street is on the brink of a legislative victory – passage of the JOBS Act – that would “roll back decades of regulation and rules aimed at preventing underwriters from ripping off customers.” (“Paving Path to Fraud on Wall Street,” Floyd Norris, *New York Times*, March 15, 2012) He writes, “One interesting aspect of the bill is that while it would make it a lot easier for companies to raise capital without disclosing very

much, it would also make it easier for companies that are public — and have the capital — to “go dark” and stop providing financial information to their shareholders. The basic message to investors would seem to be: Give us your money and then don’t bother us any more.”

http://www.nytimes.com/2012/03/16/business/the-return-of-the-rip-off-factor-on-wall-street.html?pagewanted=1&_r=3&ref=business

Scary Legislation: An article that cast doubt on the basic assumptions behind the JOBS Act, The Motley Fool describes the four worst things about the legislation (“Really Scary Things About the JOBS Act”). **It concludes with a call for support for the Reed-Landrieu-Levin amendment:** “I’m all in favor of streamlining IPOs, but the so-called JOBS Act is pretty scary as it is written. Although the House has already passed the worst elements of the bill, the Senate is considering the Reed-Landrieu-Levin amendment, which would help clean up most of these problems. Among other things, the Reed-Landrieu-Levin amendment would make sure investors still get clear executive pay disclosures, reduce the number of companies that get exempted from accounting rules, and help ensure that crowd-funding companies give true information to investors.”

<http://www.fool.com/investing/general/2012/03/19/4-really-scary-things-about-the-jobs-act.aspx>

Short Memories: A *New York Times* editorial (“They Have Very Short Memories,” March 11, 2012) calls the JOBS Act “a terrible package of bills that would undo essential investor protections, reduce market transparency and distort the efficient allocation of capital.” Citing “reams of Congressional [testimony](#), market [analysis](#) and academic [research](#)” refuting the claim that regulation has been an impediment to raising capital, the article notes that, on the contrary, “too little regulation has been at the root of all recent bubbles and bursts — the dot-com crash, Enron, the mortgage meltdown. Those free-for-alls created jobs and then imploded, causing mass joblessness.”

http://www.nytimes.com/2012/03/11/opinion/sunday/washington-has-a-very-short-memory.html?_r=1&ref=opinion

Imaginary Problems: In a letter to shareholders (“Imaginary Problems: Who Really Benefits from Lower Regulatory Burdens?” February 2, 2012), Motley Fool mutual fund manager Bill Mann thoroughly debunks the premise behind a central plank of the JOBS Act, that American companies are finding it difficult to go public. Mann warns that, on the contrary, proposals that roll back important investor protections threaten to destroy jobs. “As international investors, we deal with lots of markets that are essentially or functionally closed to new companies. That would not include the United States,” he writes. As evidence, he notes that 2011 was actually a very good year for IPOs, particularly in terms of dollar amount raised, and that “some companies were able to go public despite the absence of either a) meaningful revenues, or b) sustained profitability.” Mann adds that, “It wasn’t so long ago that the main requirement for a company to make it onto the stock market was to take a word and add ‘.com’ to it. The losses from that experience were in the hundreds of billions of dollars ... No job creation will be generated

through the process of socializing capital destruction to the general public.”

<http://www.foolfunds.com/commentary/2012/02/letter-to-shareholders-february-2012.aspx>

Strong Criticism for IPO On-Ramp: A *Wall Street Journal* article on House passage of the JOBS Act (“Jobs Bill Loosens IPO Regulations,” March 8, 2012) documents broad opposition to the bill’s so-called IPO On-Ramp. Industry data shows that all but a handful of IPOs would qualify for the bill’s exemptions from basic financial reporting and corporate governance requirements. The article quotes Kathleen Shelton Smith, a principal with IPO research and investment management firm Renaissance Capital as saying that the bill essentially “covers the entire IPO market” and needs to be scaled back. Lise Buyer, founder of Class V Group LLC, a firm that advises companies who are planning IPOs, warned that, “Making it easier to list on a stock exchange won’t necessarily attract the IPO investors who are supposed to boost firms’ capital and spur job creation.” The article quotes Shelton Smith and others pointing out that “investors, who remember getting burned by early-stage Internet stocks in 2000 and who lost money during the 2008 economic crisis, are cautious about buying shares in unproven companies.”

<http://online.wsj.com/article/SB10001424052970204781804577269531660388656.html?KEYWORDS=jobs+bill+loosens+IPO>

Regulations Gutted: A column by Kathleen Pender in the *San Francisco Chronicle* (“Financial Regulations Gutted in New Bill,” March 11, 2012) asks why Democrats, who supported Dodd-Frank and created the Consumer Financial Protection Bureau, are “solidly backing a bill that would weaken or obliterate many regulations designed to safeguard investors.” Pender writes that the bill “would make it easier for companies to raise money from the public without fulfilling some – or in certain cases virtually all – of the obligations designed to protect investors in public companies” without offering any guarantees “that companies would use any of the money to hire a single person.” Pender notes that Consumer Federation of America, AARP, the North American Securities Administrators Association, and Americans for Financial Reform have all opposed aspects of the bill, and she quotes former SEC Chairman Arthur Levitt saying, “The bill is a disgrace.”

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2012/03/11/BUPU1NIGVF.DTL&ao=2>

Raising Risks: A *Wall Street Journal* article on a recent Senate Banking Committee hearing (“IPO Skids to Get Greased,” March 6, 2012) quotes U.S. securities regulators, legal experts and others who have raised concerns that the JOBS Act “may expose investors to greater risk” without increasing jobs. Among those testifying at the hearing was University of Florida Finance Professor Jay Ritter, who disputed IPO-related jobs claims and said “increasing the number of IPOs isn’t going to automatically spur an enormous amount of job growth.” According to the article, the foundation that oversees the Financial Accounting Standards Board has also raised concerns that the legislation “raises serious issues about the continued independence of the standard-setting process” and jeopardizes the integrity of the accounting standards on which investors and other stakeholder rely.

<http://online.wsj.com/article/SB10001424052970204276304577265873629226052.html?KEYWORDS=IPO+Skids+to+Get+Greased>

Outpouring of Opposition: In a blog at *The Huffington Post* (“Extraordinary Delusions and the Madness of Crowd(Funding),” March 6, 2012), CFA Director of Investor Protection Barbara Roper documents the broad opposition to the supposedly non-controversial JOBS Act. She points to letters from investor advocates and unions, testimony by leading securities law experts, and statements by state securities regulators to show that the measures in the JOBS Act “are ‘non-controversial’ in precisely the same way that the Gramm-Leach-Bliley Act was non-controversial when it sailed through the Senate on a 90-8 vote and the House on a 362-57 vote: They have strong support from a business community chafing at what they see as outdated regulations and from political leaders of both parties intent on ignoring warnings that the regulations being rolled back were adopted for a purpose that is still relevant today.” Warning that the bill, as adopted in the House, “would undermine market transparency, roll back important investor protections, and, if investors behave rationally, drive up the cost of capital for the small companies it purports to benefit,” Roper called on the Senate to adopt a more thoughtful and balanced approach “that narrowly targets legitimate barriers to capital formation without taking a hatchet to vital investor protections.”

http://www.huffingtonpost.com/barbara-roper/jobs-bill_b_1314131.html

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- Americans for Democratic Action, Inc
- American Income Life Insurance
- Americans United for Change
- Campaign for America’s Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Change to Win

- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Greenlining Institute
- Good Business International
- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Information Press
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lake Research Partners
- Lawyers' Committee for Civil Rights Under Law
- Move On
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United

- National People's Action
- National Council of Women's Organizations
- Next Step
- OMB Watch
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Signers

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA

- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA

- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM

- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- The Holographic Repatterning Institute at Austin
- UNET