



## [Startup America Suggestion of the Day \(Installment 6\)](#)

By [Joe Wallin](#)

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I listened to Austan Goolsbee's video on the Startup America Partnership web site this morning. Austan is the Chairman of the Council of Economic Advisors. He is an important and dynamic guy, and I recommend that you watch his video.

You can view it here:

[http://www.youtube.com/watch?v=DFfxIhM1Pko&feature=player\\_embedded](http://www.youtube.com/watch?v=DFfxIhM1Pko&feature=player_embedded)

Austan says that as part of the Startup America initiative the Federal government is going to contribute 4 components to build a bridge across what he calls "the valley of death" (what stands in the way between startups being startups and startups growing to successful, big employers). Those include:

1. Access to capital. The federal government is going to put in an extra \$2B in matching funds for venture funds and other private sector investors to try to get money to startups.
2. A comprehensive review of regulatory barriers that affect small business to identify regulations that are particularly costly or burdensome or intrusive (see my quora.com [answer](#) in response to Bill Carleton's question).
3. Bringing in business mentors
4. Tax relief and incentives

I applaud the White House's initiative. I think that this effort is a big deal. But it will be a "bigger" deal if all of the people out there who are working in startups raise their voices and start telling the folks who are running this initiative what matters to them. This is our chance, not to "complain." But to point out what the heck is going on that really gets in our way.

How to make life better for startups? I have some immediate suggestions.

Make it easier for startups to raise angel capital.



# Startup Law Blog

Insights for founders of and investors in emerging and startup companies

Here is what we need:

- Allow startups to advertise that they are raising money on their web sites, in industry association publications, etc.
- Make it easier for angel investors to qualify as “accredited investors.”
- Dodd-Frank made it harder for angel investors to qualify as accredited investors.
- Current law prohibits startups from advertising that they are raising money.
- The answers for Startup America—
  - Change the law to allow startups to advertise. To put on their web sites that they are raising money.
  - Change the law to allow more people to qualify as accredited investors. My test—if you can give to United Way you should be able to qualify as an “accredited investor.”
  - When you are changing the federal law to allow startups to advertise and raise money the United Way way, don’t allow states to step in and impose state level regulatory burdens which essentially undo the federal government’s efforts. In other words, make sure that these new federal laws “preempt” any new state law efforts to regulate.

Yes, these ideas are radical. I can hear my “serious” friends at law and accounting and investment banking firms around town guffawing and snorting. I hope they are enjoying a good laugh! Please go ahead and mock me. I enjoy a good laugh myself.

Yes, I agree Austan—We need to out-innovate the world—let’s start with radically changing our laws that stand in our way and make it more difficult for us to raise capital to grow our businesses.

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