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CROWDFUND Act

**Congress:** 112 (2011–2013, Ended)

**Chamber:** Senate

**Policy Area:** Finance and Financial Sector

**Introduced:** Dec 8, 2011

**Current Status:** Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 112-482.

**Latest Action:** Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 112-482. (Mar 6, 2012)

**Official Text:** <https://www.congress.gov/bill/112th-congress/senate-bill/1970>

Sponsor

**Name:** Sen. Merkley, Jeff [D-OR]

**Party:** Democratic • **State:** OR • **Chamber:** Senate

Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Bennet, Michael F. [D-CO]	D · CO		Dec 8, 2011
Sen. Landrieu, Mary L. [D-LA]	D · LA		Dec 8, 2011
Sen. Gillibrand, Kirsten E. [D-NY]	D · NY		Mar 7, 2012

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Hearings By (subcommittee)	Dec 14, 2011

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
112 S 2190	Related bill	Mar 13, 2012: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

Capital Raising Online While Deterring Fraud and Unethical Non-Disclosure Act of 2011 or CROWDFUND Act - Amends the Securities Act of 1933 (SA) to prescribe conditions under which transactions of \$1 million or less involving the offer or sale of securities by an issuer through a broker or funding portal are exempt from certain registration requirements and prohibitions relating to interstate commerce and the mails (crowdfunding exemption).

(Crowdfunding is a method of capital formation by which groups of people pool money, typically composed of very small individual contributions, and often via Internet platforms, to invest in a company or otherwise support an effort by others to accomplish a specific goal.)

Amends the Securities Exchange Act of 1934 (SEA) to define "funding portal" as any person engaged in the business of effecting securities transactions for the account of others, solely pursuant to the crowdfunding exemption under this Act, that does not: (1) offer investment advice or recommendations; (2) solicit purchases, sales, or offers to buy the securities offered or displayed on its website or portal; (3) compensate employees, agents, or other third parties for such solicitation or based on the sale of securities displayed or references on its website or portal; (4) hold, manage, possess, or otherwise handle investor funds or securities; or (5) engage in other activities determined by the Securities and Exchange Commission (SEC).

Amends the SA to set forth qualification requirements for such crowdfunding exemption, including those for intermediaries and issuers.

Sets forth restrictions on sales of such exempt securities.

Amends the SEA to authorize the SEC to exempt crowdfunding investors from certain shareholder caps under the Securities Act of 1933.

Requires the SEC to exempt funding portals from certain registration requirements, provided that they remain subject to examination by the SEC and a national securities association.

Directs the SEC to review periodically the effects of this Act upon investor protection.

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## **Actions Timeline**

- **Mar 6, 2012:** Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 112-482.
- **Dec 14, 2011:** Committee on Banking, Housing, and Urban Affairs Subcommittee on Securities, Insurance and Investment. Hearings held. With printed Hearing: S.Hrg. 112-465.
- **Dec 8, 2011:** Introduced in Senate
- **Dec 8, 2011:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.