



Startup Law Blog

Insights for founders of and investors in emerging and startup companies

[My Answer On Quora](#)

By

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If you haven't started using Quora.com, you might really enjoy it. I do.

A couple of days ago, I answered the following question:

“What unnecessary barriers should President Obama's Startup America initiative identify and remove to help high-growth startups?”

My answer is below. If you want to find the discussion on Quora.com, you can find it [here](#).

- Make it easier to qualify as an accredited investor. Dodd-Frank made it more difficult to qualify as an accredited investor, and set up a situation where the SEC is going to review the standards every 4 years and probably raise them, crimping a key source of capital for early stage companies. We ought not be making it more difficult for people to qualify as angel investors.
- Repeal the new Form 1099 rules which are going to require anyone in business to issue a Form 1099 to any business they buy more than \$600 in goods from during the year (so if you are a freelance writer and buy a new computer from Apple, you will have to 1099 Apple (!); these rules go into effect 1/1/2012).
- Repeal the new rules which are going to require venture funds to fit within certain narrowly defined categories in order to be exempt from investment adviser registration—these rules are going to hamper the ability of VC funds to be creative in their approach to their industry and hamper angel funds as well. They are unnecessary.
- Repeal the AMT as it applies to Incentive Stock Options.
- Repeal Section 409A as it applies to startups.
- Make it substantially easier for companies to go public. The startup ecosystem needs a vibrant IPO market.
- Allow startup companies to advertise on the internet and through investment groups or otherwise that they are raising money. In other words, repeal the prohibition on general solicitation.
- Disallow states from collecting any fees from any startups raising funding or requiring startups to file any forms with any state agencies as long as they are complying with the federal securities laws.



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- Provide a new safe harbor for startups raising money, which essentially insulates startups from shareholder securities fraud lawsuits as long as the investors aver that they realize that they are very likely going to lose all of their money.
- Repeal Rule 701's mathematical limitations.
- Reverse the presumption on Section 83(b) elections.
- Extend the rollover period under IRC Section 1045.
- Shorten the holding period under IRC Section 1202.

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