



Startup Law Blog

Insights for founders of and investors in emerging and startup companies

Fun Happenings

– May 19, 2011

Several really good pieces of reading today on the web about startup law and how it might change for the better.

First, Eric Koester writes a **great piece** for Xconomy about his testimony before Congress. Eric nails it with his recommendations. Eric did a great job representing us in D.C.

And then, in the Huffington Post, there is a really good article titled, **My Attorney Just Shattered My Crowdfunding Dreams**.

Finally, Bill Carleton has written another great blog post—**Startup Investing: Public Park vs. Gated Community**.

The upshot of all of these articles? Hopefully a growing awareness that the law is slowing the startup and entrepreneurial community down, or at least at some level making life more difficult than ought it be.

Startups create jobs, and we ought not slow that down without a really good reason. There are numerous ways we can make life better for startups and entrepreneurs today that would only require minor modifications in the law.

To name just a few:

1. Repeal Section 409A as it applies to startups.
2. Fix Section 83(b) so that no election is required when founders pay FMV for their shares.
3. Allow general solicitation in Rule 506 all accredited investor securities offerings.
4. Broaden the group of people who qualify as accredited investors.
5. Repeal Rule 701s mathematical limitations.
6. Make permanent the 1202 100% exclusion from capital gains taxes on qualified small business stock held for more than 5 years.



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7. Give investors more time to effectuate rollovers under Section 1045.
8. Don't make it so difficult for investors to take a loss on stock that is very likely worthless (but perhaps not).
9. Allow investors to deduct their investments in startups at the outset, or give them tax credits if the funds are used to employ people.
10. Fix immigration law (I know, a very broad statement).

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