

(Washington, D.C.) – On Thursday evening, U.S. Rep. Rush Holt (NJ-12) sponsored the final Democratic amendment to the Entrepreneur Access to Capital Act (HR 2930) in an effort to prevent businesses with ties to the Iranian government from raising funds in the United States.

“The radical clerics that control Iran’s government are constantly searching to get the money and goods they need to stay in power and to threaten our interests and, through their terrorist intermediaries, to threaten the interests of our ally Israel,” Holt said. “Without this final amendment, this bill would provide them a possible opening to do so.”

The Entrepreneur Access to Capital Act would change Securities and Exchange Commission (SEC) rules to help small businesses to raise money through “crowdfunding”: that is, by seeking large numbers of small investments from the public, generally through the internet. The bill would allow small businesses to seek crowdfunding without completing all of the paperwork and legal steps required for a traditional initial public offering (IPO).

As written, however, the bill opens a significant loophole in laws intended to prevent businesses with ties to the Iranian government from raising U.S. funds. Current SEC rules prohibit Iran-connected companies from offering their stock in the United States and further prohibit U.S. citizens from investing in those companies – yet the crowdfunding bill contains no such prohibitions.

The Holt Amendment would have extended to crowdfunded businesses the existing Iran-related prohibitions. The House rejected his amendment on a party-line, 187-237 vote, thereby maintaining the Iranian funding loophole.

Below is the prepared text of remarks that Holt delivered on the House floor in support of the amendment:

“Mr. Speaker, at the outset of my remarks I want to be clear about one thing. The passage of this amendment will not prevent the passage of the underlying bill. If this amendment is adopted, it will be incorporated into the bill and the bill will be immediately voted upon.

“As written, Mr. Speaker, the underlying bill would not prevent potential beneficiaries of this act from doing business with the government of Iran, whose rogue actions threaten our interests and, through their terrorist intermediaries, the interests of our ally Israel. It is a gaping loophole that this final amendment would close.

“The U.S. has a comprehensive embargo against the government of Iran. Recent events have reminded us of exactly how clever agents of the government of Iran can be in circumventing U.S. and international law in an effort to keep funds flowing to the Iranian clerical dictatorship. We saw that in the debate last week over a mining bill, during which a link between an American company and the Iran Foreign Investment Company was discussed at length. My colleague from Florida, Mr. Deutch, offered the Republican majority an opportunity to close loopholes in that mining bill that could benefit Iranian entities. Regrettably, that amendment was defeated in a party-line vote.

“I come to offer the majority another chance. The bill here on the floor today would leave the door open to similar abuses. This final amendment would close any loopholes in the embargo by targeting intermediaries—those who run websites and act as broker/dealers—who are seeking to provide help to unaffiliated issuers to do business around the globe. This final amendment mandates that those who want to benefit from the provisions of this bill must not have any interest in a person doing business with the government of Iran. Further, they cannot be affiliated with any person who is doing business directly or indirectly with the government of Iran.

“Yes, Mr. Speaker, this is a serious amendment. This final amendment is really a common-sense safeguard measure. We all know money is fungible—including securities. We all know that Iran’s dictatorial regime is feeling the pinch from the sanctions the United States has already imposed. The radical clerics that control Iran’s government are constantly searching to get the money and goods they need to stay in power and to threaten our interests and, through their terrorist intermediaries, to threaten the interests of our ally Israel. Without this final amendment, this bill would provide them a possible opening to do so. This final amendment to the bill will help slam the door shut on that option. I urge all of us to support this final amendment to the bill, and I yield back my time. “