Testimony of Heath Abshure

Arkansas Securities Commissioner and

Chairman of the Corporation Finance Section Committee

North American Securities Administrators Association, Inc.

Before the

House Subcommittee on Capital Markets and Government Sponsored Enterprises

"Legislative Proposals to Facilitate Small Business Capital Formation and Job Creation"

September 21, 2011

Introduction:

Good morning Chairman Garrett, Ranking Member Waters, and members of the Subcommittee, I'm Heath Abshure, Securities Commissioner for the State of Arkansas and Chairman of the Corporation Finance Section Committee of the North American Securities Administrators Association, Inc. ("NASAA"). NASAA is the association of state and provincial securities regulators. I have a keen interest in issues regarding capital formation and I was pleased to accept an appointment on September 13 as an observer member of the SEC's Advisory Committee on Small and Emerging Companies. This SEC Committee will explore ideas designed to reduce the regulatory burdens on small business capital formation in a manner consistent with investor protection. I am honored to be here today to discuss legislative proposals related to small business capital formation.

State securities regulators have protected Main Street investors from fraud for the past 100 years, longer than any other securities regulator. State securities regulators continue to focus on protecting retail investors more so than any other regulator. Our primary goal is to act for the protection of investors, especially those who lack the expertise, experience, and resources to protect their own interests.

The securities administrators in your states are responsible for enforcing state securities laws by pursuing cases of suspected investment fraud, conducting investigations of unlawful conduct, licensing firms and investment professionals, registering certain securities offerings, examining broker-dealers and investment advisers, and providing investor education programs and materials to your constituents.

Ten of my colleagues are appointed by state Secretaries of State, five are under the jurisdiction of their states' Attorneys General. Some, like me, are appointed by their Governors and Cabinet officials. Others, work for independent commissions or boards. Many call us the "local cops on the securities beat."

I think of my state colleagues at NASAA as a national network of local crime fighters working to protect investors. Securities regulation is a complementary regime of both state and federal securities laws, and the states work closely together to uncover and prosecute securities law violators.

The Distinguished Enforcement Record of the States

States have been the undisputed leaders in criminal prosecutions of securities violators because we believe in serious penalties for securities-related crimes.

In 2010 alone, state securities regulators conducted more than 7,000 investigations, leading to nearly 3,500 enforcement actions, including more than 1,100 criminal actions. Moreover, in 2010, more than 3,200 licenses of brokers and investment advisers were withdrawn, denied, revoked, suspended, or conditioned due to state action.

The enforcement actions performed by state securities regulators last year represent a 51 percent increase over the number of investigations reported for the previous year; however, this impressive record builds upon an already strong foundation of regulation at the state level. Since 2004, state securities regulators have conducted over 14,100 enforcement actions, and secured convictions for securities laws violators resulting in more than 5,600 years in prison.

Traditionally, state securities regulators have pursued the perpetrators at the local level who are trying to defraud the “mom and pop” investors in your states, leaving the SEC to focus on the larger, more complex fraudulent activities involving the securities market at a national level.

Even so, states have investigated violations on a national level such as the successful state effort to expose and force Wall Street to correct rampant conflicts of interest among stock analysts. We led all regulators on late trading and market timing in mutual funds. And state securities regulators continue to lead the nationwide effort to address problems related to the offer and sale of auction rate securities, an effort that has resulted in the largest return of funds to investors in history.

State Securities Regulation, Investor Protection, and Job Growth

Let me begin by telling the Subcommittee that state securities regulators are acutely aware of the difficult economic environment and its effects on job growth. In Arkansas, I see the recession’s impact on small business on a daily basis. Let me also assure the Subcommittee that no state securities regulator seeks to inhibit economic recovery through regulation that is overly burdensome or restrictive.

Arkansas and other states are committed to fostering responsible job growth and capital formation because we all recognize that America’s small business community is an important component of a strong economy. Moreover, state securities regulators recognize that although there is no silver bullet for getting small businesses growing and hiring, increasing their confidence in their ability to raise revenue and access capital is crucial.

While Congress’ desire to facilitate access to capital for new and small businesses is warranted, it must be sure do so in a careful and deliberate fashion. Investors must be assured that they are protected to the fullest extent possible. This will in turn promote investor confidence in the very markets Congress is seeking to grow. Investor confidence is key to the growth of these markets. Without it, the measures under consideration are unlikely to succeed. If investors have no faith that small business offerings are being regulated reasonably, they will not invest in small business offerings. Our efforts to facilitate capital formation by small business will be in vain.

In the same way small business investment has the potential to be a very positive economic force and major driver of wealth and jobs when done in the right way, it also has the potential to become a costly failure that undermines market discipline and places Main Street investors at risk if done recklessly.

By ignoring smart regulation and the crucial role of state securities regulators, Congress could enact policies intended to strengthen the economy that have precisely the opposite effect.

Defining "Obstacles" to Small Business Capital Formation

Historically, small start-up businesses obtained capital from a number of different sources, including friends and family, credit cards, home equity loans, bank loans, nonbank loans, angel investors, venture capitalists, and private and government investors providing Small-Business Administration (SBA)-sponsored financing.

The critical questions are: Have these sources stopped funding small businesses? If so, why? The answers to these questions should dictate the universe of proposals Congress should entertain.

If the answer is that funding is not available because banks are not lending as they should, or because traditional sources of small business capital are unavailable even to well-qualified, established, or very promising small business endeavors, then this has the potential to stifle small business growth and hurt the economy. Therefore, Congress might consider certain steps to minimize or remediate this needless loss of productivity.

On the other hand, if the answer is that traditional sources of small business capital have reviewed the particular small business applicant and determined that the risk is too great, then we should not allow that applicant to seek investment from unsophisticated, "mom and pop" investors without appropriate investor protections. The typical retail investor, unlike the traditional small business financier, does not have the ability to conduct a reasonable investigation of a start-up or development-stage entity.

The methods of facilitating small capital formation must reasonably balance the needs of businesses with the needs of investors. To do so, they must ensure that the methods are available only to those entities that need it, rather than all that profit from using it. Regulation A has long excluded those entities that are required to file under the Securities Exchange Act of 1934. Shouldn't there be a new asset cut-off in the case of businesses offering securities under H.R. 1070 or H.R. 2930? If the point is that small businesses should be entitled to a different regulatory approach than larger businesses, any special treatment should be limited to the appropriate small business issuer.

Further, there can and should be a way to ensure that fraudsters cannot use these financing methods to fleece unsophisticated investors. Again, this is a question of finding the correct balance for businesses, for investors, and for the economy.

How a Regulatory Gap Helps Unscrupulous Promoters Fly Under the Radar of Justice

As the closest regulators to the investing public, state securities regulators see first-hand the dangers investors face when that balance is off. Consider the real-life impact to the investing public in the years since the SEC approved Regulation D, Rule 506 of the Securities Act of 1933 in 1982.

This rule expanded the registration exemption to include certain securities marketed through private placement offerings. Private placements offer businesses the opportunity to raise capital by selling securities to a relatively small number of investors as opposed to a public offering made through national securities markets.

Companies using the Rule 506 exemption can raise an unlimited amount of money without registering the offering with the SEC as long as they meet certain standards. Although the SEC has performed limited reviews of private offerings since 1982, they had been subject to regulatory review by state securities regulators who routinely screened bad actors from raising money through private securities offerings. This regulatory authority was stripped from the states in 1996 when Congress passed the National Securities Markets Improvement Act (NSMIA). As a result, today private offerings receive virtually no regulatory scrutiny.

Since NSMIA became law, the use of the securities exemption found in Rule 506 has increased significantly. Although properly used by many legitimate issuers, the exemption has become an attractive option for individuals who would otherwise be prohibited from engaging in the securities business.

Today, the exemption is being misused to steal millions of dollars from investors through false and misleading representations in offerings that provide the appearance of legitimacy without any meaningful scrutiny of regulators. Private placement offerings have been identified by NASAA as a top trap facing investors in three out of the past five years. Here’s why:

- In 2005, the 55-year-old owner of a North Carolina cleaning service was surfing the Internet when a “pop-up” window appeared on his screen requesting personal information. What soon followed was a variety of investment opportunities ranging from oil and gas ventures to real estate deals and body scanning. A phone call followed with a sales pitch soliciting a $15,000 investment in Lifeline Imaging, a California medical diagnostic business. The deal sounded good and the investor, together with his wife, borrowed money from their retirement savings and followed the salesman’s instructions to transfer their funds to a designated account. After months without word of the investment’s status, the investor checked his investment account. It was empty.

- In 2007, a 72-year-old, Alabama man living on disability checks became the target of a series of cold calls pitching a variety of limited offerings, including Lifeline Imaging. His $25,000 investment in the business has vanished. After investing $90,000 from a large insurance settlement in Lifeline Imaging, another disabled Alabama man was pressured by sales agents to take a mortgage on his home to invest additional funds in Lifeline. Family members intervened and refused the mortgage, but the initial $90,000 was lost.

- In Oregon, Sunwest Management Inc., a major corporate operator of assisted-living facilities, raised at least $300 million from more than 1,300 investors nationwide by promising a steady income stream and the successful operation of hundreds of retirement homes. Working with the Oregon Division of Finance and Corporate Securities, the SEC in March 2009 charged the multi-billion enterprise with operating a securities fraud. In September 2009, Oregon securities regulators proposed fining Sunwest $8 million, claiming the firm misled investors, misrepresented the true condition of the company, and used unlicensed salespeople to sell unregistered securities.

In 2011, U.S. and Canadian authorities convicted three individuals of criminal fraud charges related to the sale of $33 million in oil and gas private placement offerings. The defendants claimed the securities were exempt from registration under Rule 506. In an attempt to avoid regulatory scrutiny, the defendants organized their company in the Bahamas and sold the securities from a boiler room located in Ontario, Canada, while telling investors the company was located in Kentucky. Securities regulators also have taken civil fraud actions against private placement issuers, Medical Capital Holdings, Inc. and Provident Royalties, which raised more than $500 million from investors though private offerings sold by dozens of broker-dealers. The companies are alleged to have defrauded investors by misrepresenting the use of the investment proceeds and misappropriating millions in investor funds.

In these examples and numerous other cases, the provisions of Rule 506 and other limited or private offering provisions are being used by unscrupulous promoters to evade review and fly under the regulatory radar.

Each year, more than 20,000 private offerings are filed with the SEC. According to the SEC's Office of the Inspector General (OIG), in 2008 issuers sought to raise more than an estimated $609 billion from investors through Regulation D, Rule 506 offerings.[1] The same report concluded the agency does not give these offerings a substantive review. The SEC's own internal watchdog found that the agency's Division of Corporation Finance "does not generally take action" when it learns that issuers have failed to comply with the requirements of the Regulation D exemptions.

The OIG Report reinforces the conclusions reached by state securities regulators: there is little or no action taken by the SEC regarding Regulation D filings, and this has created a significant regulatory gap. The current structure of Regulation D, Rule 506 does not afford state securities regulators with an opportunity to review or deny these Rule 506 offerings ***before*** they are offered to investors in their states. A substantive review of these offerings, which was a function the states served prior to enactment of NSMIA, is essential to protect investors. As the Subcommittee considers various capital formation bills, we urge you not to exacerbate NSMIA's harmful effects.

Balance and Responsibility

There is no question that small business capital is vital to our economy. However, any legislation designed to foster the flow of capital to small businesses must be done responsibly.

For example, we just returned to Kansas to celebrate the 100th anniversary of investor protection statutes known commonly as "Blue Sky laws." Kansas was the first state to enact such laws in 1911. It has been said that it was an effort to prevent the sale of securities by promoters who

---

[1] SEC Inspector General's Report on Regulation D Exemption Process; March 31, 2009; available at http://www.sec-oig.gov/Reports/AuditsInspections/2009/459.pdf.

promised rain, but delivered only “blue sky.” Following the stock market crash of 1929, the federal government began to regulate investment activity with the creation of the SEC in 1934.

I give this example because, as I mentioned, the states are mindful of the economic environment. For example, the Office of the Kansas Securities Commissioner recently announced a new exemption, the Invest Kansas Exemption, which will allow Kansas businesses to raise up to $1 million from investors without registering the securities with the state. Other states have similar and unique initiatives.

In Arkansas, our mission statement is “to promote an environment in which the securities and financial markets within the department’s jurisdiction function efficiently and without unnecessary regulatory impediments,” but just as importantly, our goal is to protect the “financial well-being of Arkansas citizens through effective consumer protection and education.”

Small Business Capital and Investment Risk

The witnesses here today will likely argue perceived benefits that will accrue to the economy and nation through greater access to capital with less regulatory oversight. They will likely tout potentially high returns and rapid growth. They will not, however, speak substantially to the many, many risks associated with investments in small businesses, and particularly small business start-ups. Nevertheless, the potential and significant benefits to small businesses are, fundamentally, one side of a two-headed proposition, with the other side of the story being the high risk and potential loss to investors.

Clearly there should be opportunities to invest in small businesses. However, given the risky nature of such investments, these opportunities should be made available to investors who understand the risk and have the financial wherewithal to handle any losses that may come as a result of the investment. The truth is that investments in small businesses are typically suitable for only those investors sophisticated enough to understand the unique risk associated with such investments. Statistics show that unfortunately, roughly 50 percent of small businesses fail within the first five years.[2] Even in the risky universe of small business investment, start-up business investments are extremely speculative and carry a high risk of failure.

This means that Congress must be cognizant of the many real and well-established risks associated with investing in small businesses and “start-ups” in particular.

“Start-Ups” and Their Attendant Risks

Small business “start-ups” in particular are risky because investments made in this area are often entirely illiquid. Since there is no market for the product or service in question, once in, there is no guarantee investors can get out.

---

[2] U.S. Small Business Administration. http://indus.sba.gov/smallbusinessplanner/plan/getready/SERV_SBPLANNER_ISENTFORU.html

In addition, small business start-ups tend to have little or no operational history, or, put another way, little or no experience. Moreover, the company's business model, intellectual property, and technology are untested. In sum, like it or not, many small business investments are undeniably replete with risk for investors.

Regulatory Balance Between Businesses and Investors

The success of small business is, in many respects, America's success, and one of the things we will need to do to get America moving forward again is to encourage small business growth and entrepreneurship. In the midst of a prolonged period of high unemployment and slow economic growth, this appeal grows even stronger. Many of us have seen businesses disappear since the financial crisis, not due to the inability to compete, or due to shortcomings in their business plan or the goods and services they produce, but due to their inability to get loans from banks.

The challenge for Congress today is to find policies that achieve the right balance between the competing objectives of promoting investment in real and valid business opportunities and protecting citizens from inappropriate risk and fraudulent schemes. Finding the right balance may be difficult, but the states stand ready to work with Congress and the SEC to ensure that this balance is achieved.

Capital Formation Legislation Pending before the Subcommittee

The Small Company Capital Formation Act of 2011 (H.R. 1070)

As the Subcommittee is aware, NASAA had significant concerns regarding the original version of this legislation, which was considered by the Subcommittee last June. As noted in my letter on June 20 to the Subcommittee Chairman Garrett and Ranking Member Waters, one of the most fundamental investor protections currently embodied in Regulation A is the review and oversight of Regulation A transactions by state securities regulators. Considering the nature of the typical Regulation A offering, the need for oversight and review by the state securities regulators is even more acute. H.R. 1070 placed this important investor protection mechanism in jeopardy.

Under Section 18 of the Securities Act of 1933, states are preempted with regard to registration or qualification of "covered securities." Section 6 of H.R. 1070 states that Regulation A securities that are not sold through a broker-dealer shall not be covered securities under Section 18. By implication, under Section 6 of H.R. 1070 as then written, Regulation A offerings that are sold through a broker-dealer would be considered covered securities, and state review of these offerings would be preempted. The preemptive purpose of this provision is made clear by the title of Section 6, "Exemption from State Regulation."

In the intervening months, Representative Schweikert and his staff have worked with NASAA to improve and refine the legislation with respect to state authority, including a proposal to remove the critical provision when this bill is considered by the full House.

While NASAA harbors some concerns regarding the dollar amount of potential offerings under H.R. 1070, we believe that the states' ability to review these offerings, along with the SEC's proper exercise of discretion in creating reasonable reporting requirements for issuers, will prove to achieve a proper balance of the issuers' needs with investor protection. Accordingly, NASAA no longer actively opposes H.R. 1070. We hope to continue to work with its sponsors in the House to improve this legislation as it works its way through the legislative process.

The Entrepreneur Access to Capital Act (H.R. 2930)

Many of the same investor protection concerns we raised with H.R. 1070, we now have with H.R. 2930. This bill would create a new exemption from registration for securities offerings known commonly as crowdfunding. This bill would deregulate "crowd-funding" offerings for an offering amount up to $5 million, and a maximum investor contribution of $10,000 per investor.

Moreover, H.R. 2930 would award these offerings "covered securities" status and preempt state law with regard to registration and qualification of these securities. It is crucial that the states keep their authority to review securities offerings, especially those of potential issuers under H.R. 2930. These are often high risk offerings, and there has been significant fraud in this segment of the market. Also, because offerings under H.R. 2930 will not be subject to federal registration, and because such companies do not issue ongoing reports like true public reporting companies, the protections provided by state review are even more essential.

I am concerned that some crowdfunding proposals contemplate substantial preemption of state authority. States have been vigilant in protecting retail investors from the risks associated with these securities. State authority to continue to review and police these investments must be preserved. Any crowdfunding proposal should consider carefully the loss of investor protection that a partial or complete preemption of state regulation would cause.

Under the current proposal, there will be no verification that the issuing companies actually exist. With no notice, there is no ability for a state to be certain that the issuer is really a business entity and really has an address. Further, there is no disqualification provision so that bad actors can't use it. This would result in an enforcement nightmare.

As H.R. 2930 is drafted, the caps on these offerings are simply too high. A fraudulent or unsound offering of up to $5 million could do considerable economic damage. A loss of up to $10,000 would be a crippling loss for many investors. (A 2009 survey indicated that 53 percent of American households had less than $25,000 in total savings and investments.)[3] While $10,000 does represent a significant loss for most investors, it is also so small that investors will be unable to reasonably pursue private causes of action against fraudulent issuers. For this reason alone, the ability of states to pursue enforcement actions in cases of fraud must be preserved.

---

3 According to the Employee Benefits Research Institute's 2009 Retirement Confidence Survey, 53% of workers in the U.S. have less than $25,000 in total savings and investments. http://www.ebri.org/files/FS-03_RCS-09_Saving.FINAL.pdf

However, many of these potential fraud cases will never occur if there is a reasonable system of disclosure designed with the crowdfunding issuer in mind.

As the Subcommittee considers various approaches to crowdfunding, we urge you to consider the SEC's recent experience in this area, as was discussed by the SEC Director of Corporation Finance, Meredith Cross, just last week in her September 15 testimony before the House Oversight and Government Reform Committee. [4] She noted that the Commission's rules previously included an exemption, Rule 504, which allowed a public offering to investors (including non-accredited investors) for securities offerings of up to $1 million, with no prescribed disclosures and no limitations on resales of securities sold. In 1999, that exemption was significantly revised due in part to investor protection concerns about fraud in the market in connection with offerings conducted pursuant to this exemption. As Ms. Cross stated, in assessing any possible exemption for crowdfunding, it would be important to consider this experience and build in investor protections to address the issues created under the prior exemption.

SEC Chairman Mary Shapiro has stated that the Commission's recently formed Advisory Committee on Small and Emerging Companies, on which I serve, will be reviewing crowdfunding and other capital-raising strategies.[5] I look forward to this opportunity to work with the Subcommittee members, the SEC, and Congress to develop a balanced and reasonable approach to crowdfunding. I hope that this approach establishes a disclosure system enabling crowdfunding investors to make a reasonably informed investment decision. I am aware that there are many factors to consider. These include the size of the issuer and its ability to absorb the costs of providing necessary disclosure. These must be weighed against the investor's need for meaningful and accurate disclosures about the issuer's business plan, financial health, and management. Further, any proposal should include disqualification provisions so that "bad boys" do not use crowdfunding to continue their fraudulent activities.

The Access to Capital for Job Creators Act (H.R. 2940)

The Access to Capital for Job Creators Act, H.R. 2940, will allow general solicitation in Rule 506 offerings. I have already noted the states' experience with Rule 506 offerings after NSMIA preempted state regulation. As the Subcommittee is aware, Rule 506 is a safe harbor under Section 4(2) of the Securities Act of 1933. These securities are meant to be private offerings. With this expansion, we are getting further and further away from the ideas of a private offering under Section 4(2).

---

[4] SEC Corporation Finance Division Director Meredith Cross testified on September 15, before the Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs of the U.S. House of Representatives Committee on Oversight and Government Reform, that the Commission "fully expects that the input from the advisory committee, as well as the input we receive from the public, will be helpful to the Commission as it considers these matters.

[5] Id.

NASAA respectfully notes for the Subcommittee that when there is no limit on the number of offerees, the size of the offerings, or the manner of offering, it is a public offering. The fact that you sell only to accredited investors (and up to 35 unaccredited investors) does not change the public nature of the offering. Further, it is going to be impossible to limit the sale to only accredited investors when they advertise to everyone. Indeed, there will be no reason to believe that any investor, seduced by the public advertising, will hesitate to be dishonest when completing the investor suitability questionnaire. Given the amount of fraud and investor losses, NASAA has significant concerns about H.R. 2940 and believes there is a more reasonable way of doing this. Again, we need to balance the reasonable needs of businesses with reasonable protection of investors.

One option for the Subcommittee to consider is the Model Accredited Investor Exemption ("MAIE"), which was adopted by NASAA in 1997. This exemption, subsequently adopted by 32 states, maintains appropriate investor protections while giving small businesses the ability to conduct general solicitation and a cost-effective means to raise capital.

The MAIE allows the issuer to use a general advertisement to "test the waters." There is no limit on the number of investors under the MAIE, and there is no limit on the amount an issuer may raise in an offering under the MAIE. Although only accredited investors may purchase securities offered through the MAIE, dissemination of the general announcement of the proposed offering to non-accredited investors will not disqualify the issuer from claiming the exemption. The MAIE also contains a number of important provisions that reflect the speculative nature of the offerings and the need for reasonable investor protections, such as limiting sales to accredited investors. Moreover, the MAIE is not available to issuers in the development stage that either have no specific business plan or purpose, or have indicated its business plan is to engage in a merger with an unidentified company.

Small businesses, typically with no operational history, untested technologies, and limited resources, are extremely speculative. It is absolutely vital that any efforts to lessen the requirements of the capital-raising process for these companies maintain appropriate, necessary investor protections. The MAIE, or a provision containing similar protections, is a reasonable middle ground that was adopted by NASAA. This is an option that should be examined to ensure that investors understand adequately the risks of these speculative and historically illiquid securities.

Rather than passing H.R. 2940 in its current state and further limiting states' ability to protect investors, Congress could instruct the SEC to adopt an exemption to coordinate with this model exemption.

Conclusion

As regulators, states are guided by the principle that every investor deserves protection and an even break and has the right to not be cheated or lied to. As we saw with the passage of NSMIA in 1996, state securities regulators have been handcuffed from reviewing certain offerings before they were sold to members of the public. Since then, a regulatory black hole has emerged to expose investors to high-risk investments offered by companies with little or no financial stability or regulatory scrutiny.

In the 15 years since NSMIA became law, it has become painfully clear that preemption of state review of offerings is a failed experiment. We must not let history repeat itself by creating more regulatory black holes and exposing investors to unacceptable levels of risk and outright fraud.

State regulators understand the complex challenges faced by small business issuers. We also understand that a reasonable balance of the issuers' interests and the investors' interests is in the best interest of both groups. It protects the investors, and it facilitates the market for the issuers' securities. If the investors do not trust the small business issuer market, they will not invest.

The states are ready to play an active role in balancing these two interests. We believe that reasonable registration or exemption provisions can be adopted that benefit only those issuers for which they are designed, disqualify "bad boys", and provide for reasonable investor qualifications and protections. Further, we remain adamant that these provisions must preserve the ability of states to protect the interests of investors.

United States House of Representatives
Committee on Financial Services

"TRUTH IN TESTIMONY" DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

1. Name:	**2. Organization or organizations you are representing:**
A. Heath Abshure	Arkansas Securities Department
3. Business Address and telephone number: [redacted]	
4. Have you received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify? ☐ Yes ☑ No	**5. Have any of the organizations you are representing received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?** ☐ Yes ☑ No
6. If you answered .yes. to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.	
A. Heath Abshure	
7. Signature:	

Please attach a copy of this form to your written testimony.