Bob Murphy Contributes Perspective to *Chicago Tribune* Article on Hedge Funds Using Advertising to Attract “Accredited” Investors

Suggests Smaller Private Equity or Venture Funds Are More Likely than Larger Funds to Use General Advertising

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Robert B. Murphy, a Washington, D.C.-based attorney in Dykema’s Public Company practice, was quoted in an August 4, 2013 *Chicago Tribune* article that addressed a provision of the 2012 Jumpstart Our Business Startups ACT (JOBS Act)—approved July 10—that permits private companies, hedge funds, venture capitalists and private equity firms to use advertising to market their offerings to prospective investors.

In the article, Murphy—who before entering private practice was an Attorney-Adviser for the U.S. Securities and Exchange Commission (SEC)—observes that even though such mechanisms as password-free websites, billboards, and print and broadcast advertisements can now be used these enterprises to solicit capital, only the smaller and more nimble funds are likely to avail themselves of this option.

Murphy notes, “I suspect that large private equity or venture funds will not use much general advertising in their future fundraising, while some smaller funds may use it to expand their investor base." Although general advertising is now permitted, the target audience for such solicitations remains relatively modest: according to data provided by the SEC, only 8.7 million households (roughly, eight percent of total U.S. households) qualify as “accredited investors” for such investments.

Using broad-based media to advertise these investment choices may increase exposure and brand awareness, but it’s uncertain as to how many new investors and/or new investment dollars will be attracted to these investment vehicles.

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