



February 2, 2012

*Submitted via [www.regulations.gov](http://www.regulations.gov)*

Jennifer J. Johnson  
Secretary  
Bd. of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Robert E. Feldman  
Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 2-3  
Washington, DC 20219

Re: Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds

I am writing on behalf of River Cities Capital, an expansion stage venture capital firm located in Cincinnati, Ohio. I recently became aware that your committees are working with the regulatory agencies as they implement the Dodd-Frank Act's "Volcker Rule." I urge you to help make sure that this rule is applied only to the types of funds named in the statute, and its reach is not extended to also restrict long term investments via venture capital funds in high growth startup companies.

At River Cities Capital, we invest in promising healthcare and IT companies throughout the center of the country. We focus on companies that have generated their first revenue, but have not yet reached profitability. Our firm's capability to allocate growth capital and assistance to the most promising opportunities is the most efficient form of economic development and job creation possible. Over the past decade, River Cities' successful portfolio companies have generated on average about 100 new jobs each since our initial investment, totaling around 2,500 jobs created. Almost half of this job growth has come since the great recession of 2008, proving that innovation and quality execution can drive business forward in the most difficult of market circumstances.

To give you a sense for the potential that exists within the companies we work with, one of our portfolio companies – EndoChoice, Inc. of Atlanta, Georgia – was recently ranked by Inc. magazine #6 in health companies and #103 overall in its 30th annual Inc. 500, an exclusive ranking of the nation's fastest-growing private companies. The list represents the most comprehensive look at the most important segment of the economy – America's independent entrepreneurs. Companies such as Microsoft, Zappos, Intuit, Jamba Juice, Zipcar, Clif Bar, Vizio, Oracle, and many other well-known names gained early exposure as members of the Inc. 500. Equally importantly, EndoChoice is helping address our country's health care needs by developing solutions to help diagnose and treat gastrointestinal diseases.

For River Cities to be able to continue investing in young companies and creating this kind of positive economic impact, it must continue to raise new funds. While several of our funds have performed in the top quartile of comparable venture funds, we have found that it can be extremely difficult to attract new investors to a "non-coastal" firm. Venture capital has historically been very scarce throughout the center of the country, and has contracted 80% – 90% over the last few years.

Local and regional banks have historically been an important investor source for funds in the middle of the country. They have a unique aligned interest in the economic vibrancy of the communities where they do business. In River Cities' last fund, \$16 million came from banks. We believe that an artificial restraint on banks' ability to invest in our funds going forward will negatively affect our ability to continue to support growing companies.

Thank you for your leadership on this issue. Please feel free to contact me if I can be of any assistance.

Sincerely yours,



Dan Fleming

Managing Director

Cc: The Honorable Timothy F. Geithner  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220