



PUBLIC STARTUP COMPANY, INC.

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June 25, 2014

To: Mary Jo White, Chair
Elizabeth M. Murphy, Secretary
Charles Kwon, Office of Chief Counsel,
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE, Washington, DC 20549-1090

From: Jason Coombs, Co-Founder and CEO
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Re: Release No. 33-9416; Release No. 34-69960; Release No. IC-30595; File No. S7-06-13

JOBS Act legislation URL <http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf>

I support revisions to the “Accredited” investor definition. If the SEC decides to raise the financial or other thresholds for investors to qualify as Accredited, then it is essential that the revisions be clearly explained by the Chair of the SEC and transparently justified in the text of the final revised Rules.

The SEC is responsible for protecting the market. As somebody who has found it necessary to report to the Commission as a “whistleblower” in the past, I can attest to the fact that the SEC staff with whom a “whistleblower” speaks reiterate this primary function of the SEC as a matter of policy, to make it clear even to people who may have been defrauded or harmed that the SEC does not exist simply to protect investors. The SEC must attempt to protect the market as a whole, not unreasonably empower any one group or individual. Protecting “the market” means balance between competitors, it means fair and equitable use of political power or legal power or federal funding for civil litigation and other actions of which the SEC is capable. People who disagree with a revised Accredited investor definition must be told clearly that such a change serves a legitimate purpose: to protect market function and competition.

It is clear to me what market function would be protected, and what balance would be achieved, by the proposed revision to the Accredited investor definition. At first glance I did not agree with the political absurdity that is the “Accredited” investor definition and thought it was stupid for the definition to exist at all in the modern world. It just seems wrong to label certain people as more worthy of access to new wealth-creating opportunities than others merely because of a superior net worth. However, that was a hallmark of the corruption of the past under the unconstitutional provisions of the 1933 Securities Act.

Under the JOBS Act Rules many of the unconstitutional parts of the 1933 Securities Act are repealed. At least they are supposed to be repealed, because that's what the JOBS Act was meant to accomplish. The existence of an “Accredited” investor definition under the new set of Rules promulgated from the JOBS Act actually makes sense to me, provided that the final JOBS Act Rules achieve what they were meant to achieve: opening the door to several kinds of crowdfunding and direct investing involving offers and sales of unregistered securities to both Accredited and non-Accredited buyers. The reason a revised “Accredited” investor definition makes sense is that it is necessary for the SEC to encourage experienced, wealthy investors to invest alongside less experienced investors in the various kinds of crowdfunding which will be permitted pursuant to JOBS Act Title III and Title IV Rules. The balance that should exist between competing issuers and between competing investors is less likely to exist, and therefore crowdfunding will be less likely to become a truly-viable market, with the current definition of Accredited investor. We should all want fewer “Angel” investors and more “crowdfunding” instead. I sincerely hope the SEC, its Chair, and the rest of its staff find words to articulate its good reasoning.