



PUBLIC STARTUP COMPANY, INC.

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July 16, 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
Public Startup Company, Inc.

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CC: rule-comments@sec.gov

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Re: File No. S7-09-13, <http://www.gpo.gov/fdsys/pkg/FR-2013-11-05/pdf/2013-25355.pdf>

This comment illustrates an industry reform in-progress while everyone waits on SEC's Final Rules for crowdfunding transactions Section 4(a)(6) of Securities Act of 1933, Release Nos. 33-9470; 34-70741.

I previously urged the SEC to formally adopt "A Bill of Rights for Securities Issuers Under The JOBS Act" https://publicstartup.com/A_Bill_of_Rights_for_Securities_Issuers_Under_The_JOBS_Act.pdf

See: <http://www.sec.gov/comments/s7-09-13/s70913-93.pdf>

One of my previous Comment Letters, on February 22, 2014, illustrated with screen shots and detailed explanations a practical problem encountered by issuers who attempted to conduct Rule 506(c) public offerings in the months following the SEC's deregulation of general solicitation and advertising. Even though the activity had been deemed lawful, many media outlets and advertising venues including in social media, such as Twitter, still did not permit issuers to advertise securities offerings to the public.

See: <http://www.sec.gov/comments/s7-09-13/s70913-287.pdf>

It is now the 16th of July, 2014. Days, weeks, months and years keep passing by without action on the final Rulemaking process for the JOBS Act by the SEC. Meanwhile, "JOBS Act 2.0" is reportedly now being advanced by legislators and lobbyists in the halls of Congress. I fully appreciate that this entire subject matter is extremely complex and nuanced, that a reasonable AND CONSTITUTIONAL balance must be achieved between investor protection and issuer capital formation freedoms or else there is real danger to the public from criminals, terrorists, religious fanatics, psychopaths, banksters, and all former employees or co-founders of the SEC, NASD/FINRA and their progeny. A fascinating but sad report by PBS today highlights just how much risk there is to everyone if the SEC continues to fail to do its job:

The cruel key to individual prosperity: choosing the right ancestors

<http://www.pbs.org/newshour/making-sense/cruel-key-individual-prosperity-choosing-right-ancestors/>

From generation to generation it appears that essentially the only meaningful factor that predetermines which of us will accomplish something substantial in the economy is who our parents were. Only over long periods of time across multiple generations do societies outside Scandinavia appear to produce a substantial amount of social mobility for everyone who has the talent and the drive to succeed. Raising capital is one of the only mechanisms available to people who seek to produce new forms of wealth in

the world and to create new jobs, new industries and real social mobility for themselves and others, yet the SEC and state securities regulators have actively sabotaged and interfered with the raising of capital by everyone other than people who were born to the “right” parents ever since the 1933 Securities Act.

Fortunately for everybody, Twitter has just revised its advertising policies to expressly allow securities offerings to be advertised to users in the USA provided that the advertisements include any required disclosures and comply with applicable laws. This is very encouraging industry reform in keeping with the explicit statutory and Rulemaking language of the JOBS Act and I believe it is essential for the SEC to do more to provide companies such as Twitter with explicit safe harbors and instructions for enacting corporate policies and procedures in order to ensure that the vast majority, if not all, securities offerings comply with the mandatory disclosure and investor information standards enacted by the Commission.

As the Commission is aware, presently its Rule 506(c) does not impose any disclosure requirements. Rule 506(c) also does not impose any information standards of any kind with respect to the content of general solicitations and general advertising, deferring instead to the obvious anti-fraud statutes. The pending SEC's Rule revision for Title II of the JOBS Act will harmonize with Dodd-Frank to impose mandatory disclosures, boilerplate disclaimers and other information standards for investors by general solicitations conducted pursuant to Rule 506(c) in which issuers must take “reasonable steps” to ensure that any purchasers of the offered securities are “Accredited” investors, and to disqualify “bad actors” and certain felons (but not psychopaths) from being involved in future Rule 506(c) Offerings. Currently both felons and psychopaths are allowed to conduct Rule 506(c) Offerings because the Commission has not bothered to implement a Final Rule revision for Title II of the JOBS act, as it proposed last year.

See: <http://www.sec.gov/comments/s7-06-13/s70613.shtml>

I would like to remind the Commission of my prior suggestion to establish a SEC's Offender Registry. I am aware that FINRA has such a registry, but nobody outside of the financial services industry appears to be aware of this forensic database. It currently is not part of the proposed Rules promulgated by this Commission that issuers be required to have a public profile within such a Registry, so that people can see information about each person and each company seeking to raise capital from the public in some kind of standardized, authoritative and forensic record-keeping fashion. FINRA's registry of offenders is called “Broker Check” and it serves a dual purpose, enabling the public to check the reputation of a person who appears to be a broker or a financial services industry participant (and even if unlicensed) so that good psychopaths can be identified more easily as good, rather than listing only the bad actors.

See: <http://brokercheck.finra.org/Search/Search.aspx>

If the SEC does not include in its Final Rule for Title II of the JOBS act a requirement for the filing of a Form D prior to commencement of general solicitation and general advertising in compliance with Rule 506(c) then perhaps the Commission should require issuers to establish a public profile record in some well-known forensic database or forensic social media resource maintained with integrity by an SRO or a forensic social media startup. Even if the SEC's Final Rule for the revised Rule 506(c) does impose a Form D filing requirement in advance of a general solicitation under the Rule, having a record of the issuer's past Form D filings is just not sufficient to establish any kind of reputation or offender registry.

See: <http://formds.com/filings/newest>

For Title III-compliant equity crowdfunding transactions, funding portals are envisioned as the source of limited forensic database record-keeping but the Proposed Rule does not require them to publish any

forensic reporting or reputation management tools publicly that would enable the general public to find information similar to the record of past disciplinary actions found in FINRA's broker check database. There are many ways in which the Commission could improve the forensic record-keeping obligations of a funding portal, particularly by requiring portals to maintain the URLs and website content in perpetuity for all issuers who use the portal to raise capital from the public. If funding portals do not maintain such records and make them available to the public in perpetuity then the SEC should build an API for all funding portals to use to submit such information to the SEC, at least after-the-fact, after an issuer has completed an equity crowdfunding Offering using the portal, and the SEC should add this summary information to the EDGAR forensic database for indefinite future public search and retrieval.

When a company such as Twitter allows advertisers to solicit investors publicly, it will be very difficult or impossible for the issuer/advertiser and the advertising venue to agree about which regulations apply and whether the proposed advertisement is in compliance with all applicable securities laws unless the SEC finishes publishing its Final Rules soon and includes in these Rules explicit and clear safe harbor language with plain language instructions for advertisements or general solicitations. Title III expressly permits issuers to advertise their crowdfunding Offerings, provided that the advertisements refer any potential investors to the crowdfunding portal for more information about the crowdfunding campaign. However, it appears very clear that issuers are permitted to do simultaneous parallel Offerings under both Title II and Title III and there appears to be no practical alternative possible for the Final Rule on this point. Each Proposed Rule fails to clearly reference the alternative paths to general solicitation and general advertising in connection with unregistered capital formation transactions, so it appears very important that the Commission remedy this Rulemaking defect and expressly articulate that each form of public offering has its own requirements for regulatory compliance and that there is nothing wrong with using all of these forms of compliance in parallel in overlapping advertising campaigns. It therefore could be made clear and comprehensible to securities lawyers who advise any company such as Twitter that they have safe harbor granted by the SEC which enables the media company to presume that the issuer and the issuer's officers, directors and service providers (such as Title III funding portals) will comply with the appropriate regulations or securities laws in connection with each mode of public offering being advertised. Without such clarity by Final Rule, I believe the forward progress that has been made recently, as illustrated by Twitter's revision to its advertising policy for financial services companies and securities issuers who conduct their own direct public offerings under the JOBS Act, is already tenuous and in danger of reverting to its prior form: expensive and technically-difficult barrier to public participation by regular people in our nation's economy, which is a prerequisite to public life.

The following screen shots show the announcements by email that Twitter is sending to people who have previously been denied access to Twitter Ads network because of the previous financial services advertising restriction policy, as well as the new policy which expressly permits securities advertising.

Attention: SEC technical support staff – please do not censor the screen shots below. I do not want my email address or other contact information to be concealed. I believe very strongly that the ability to participate publicly in society, with forensic transparency through sharing digital information including this type of multimedia, is a core “cyber literacy” that all people must have in the future. Censorship of my attempts to communicate and to make a forensic public record of these things is contrary to the public interest and detrimental to the greater good, and it also discourages others from participating because nobody wants to see their hard work and sincere effort censored. People who put in the effort to communicate publicly and to participate in a public forum, especially when practicing “forensics” in the classic Roman Forum sense of the word, to engage in meaningful and sincere debate and thoughtful contemplation of important matters of state and human civilization, truly would rather see our efforts ridiculed or attacked by unthinking people than to experience censorship. Thank you for understanding.

Reply Reply to All Forward Delete Purge Mark as Spam Move to Folder Move More Actions Apply

Fwd. As Attachment

Inbox > Message Detail Print Previous Next
Subject: Financial Services advertisers may now use Twitter Ads!
From: Twitter Ads Support <promotedops-support@twitter.com> (Add as Preferred Sender)
Date: Wed, Jul 16, 2014 2:40 pm
To: "jc@publicstartup.com" <jc@publicstartup.com>

Hello,

Your account recently wrote in to our support team inquiring about your account status. At the time your account was ineligible per our Financial Services policy. Based on your feedback, we have worked hard to make the changes necessary to relax this policy and your account is now eligible for Twitter Ads.

Any previously created campaigns are now running, please navigate to ads.twitter.com to make any changes or create new ones.

Our Financial Services policy has only been changed for advertisers targeting their campaigns to the United States, United Kingdom, Israel, South Africa, Spain and France. If you wish to target the United Kingdom or Ireland, please write in to support using the help button on the top right of the ads dashboard to learn about our certification process. It is currently not possible to target Canada with a Financial Services account.

If you have any questions, please reply to this email or visit our [help center](#).

Thanks!
Twitter Ads Support

ref.00DA0000000K0A8.500G000000RKqQl:ref

Twitter for Business to twitter@publicstartup.com
Yesterday, 11:59 am Details

Your business is now eligible to advertise with Twitter

Twitter Ads is available again to financial services. [View this email in your browser](#)



We're here to help you grow your business.

We're happy to announce that starting today, Twitter Ads is available again to most financial services advertisers in the United States. We listened to your feedback and changed our advertising policy to make our ad products accessible for more businesses.*





Log into Twitter Ads today to get started.

Let's go!

*Check our [ad policy](#) for details.

Twitter, Inc. | [business.twitter.com](#) | [@TwitterSmallBiz](#) | [Support](#)
1355 Market St., Suite 900 San Francisco, CA 94103
[Unsubscribe](#)

Welcome to Twitter Ads

Promoted Accounts

Promoted Tweets

Targeting

Measure & Analyze

Billing

Advertiser policies

About Twitter Ads

Financial services

You can view available translations of this article by selecting a language in the upper-right corner of this page. Translations are provided as a convenience, and are not meant to change the content of our policies. The English version will control and should be your reference in case of conflict between a translation and the English version.

Twitter Ads Policies

This policy applies to Twitter's paid advertising products, which are Tweets, trends and accounts marked with a yellow or purple badge.

For more information about Twitter's paid advertising products, [click here](#).

For information about Twitter's other policies, [click here](#).

What's the policy?

Twitter restricts the promotion of financial services and related content. These restrictions are based on the specific product or service being promoted, as well as the country that a campaign is targeting. To determine the policy for your product or service and the country or countries you wish to target, see the country-specific information below. Unless listed below, the promotion of financial services and related content is prohibited.

Note: In certain cases listed below, advertisers are only permitted if they have prior authorization from Twitter. Authorization starts with being in touch with a Twitter account team. Instructions for contacting Twitter are included in each case.

Any advertisement for financial services and related content that is allowed under the country-specific information below

Any advertisement for financial services and related content that is allowed under the country-specific information below must in addition:

- be compatible with the complete information that must be provided to the investor or consumer under applicable law, including any required disclosures
- be clearly identified as financial services
- indicate the nature and specific type of financial service
- indicate the incumbent risks and provide a fair and balanced disclosure of the risks and benefits
- be advertised in a local language

In addition, advertisers promoting financial services must:

- provide an accurate and complete physical address on their website
- include links to substantiate any express or implied third-party accreditation, endorsement or affiliation, for example, verification of government affiliation and third-party ratings

What products or services are subject to this policy?

This policy applies, but is not limited, to:

- Banking services and banking institutions
- Loan products and services
- Mortgages and related services
- Mortgage and debt relief or assistance services
- Investment advice, investment opportunities, and offers to increase wealth
- Insurance products and services
- Securities
- Currency exchange, trading, and related services

What products or services are not subject to this policy?

This policy generally does not apply to:

- News and information about financial services

How does this policy vary from country to country?

To determine the policy for your product or service and the country or countries you wish to target, see the country-specific information below. Unless listed below, the promotion of financial services and related content is prohibited.

Advertisements for financial services and related content are permitted only when targeting the countries below:

Africa and Middle East	Asia Pacific	Europe	Latin America	North America
Egypt	Australia	Belgium*	Argentina	Canada*
Kuwait	India	France	Brazil*	U.S.*
Nigeria*	Indonesian	Germany	Chile	
Pakistan	Japan*	Ireland*	Colombia	
Saudia Arabia	Malaysia	Israel	Dominican Republic	
South Africa	New Zealand	Italy*	Ecuador	
United Arab Emirates	Philippines	Netherlands	Mexico	
	Singapore*	Poland*	Peru	
	South Korea*	Spain	Uruguay	
	Thailand	Switzerland*	Venezuela	
		Turkey		
		UK and jurisdictions*		

*Advertisers targeting these countries are only allowed with prior authorization from Twitter. [Contact Twitter if you are interested in this option.](#)

The following additional requirements apply to financial services advertisements targeting certain countries:

Australia

- Promotion of securities is prohibited.

Belgium

Belgium

- Financial services advertisers must be authorized by the FSMA. Contact Twitter if you are interested in this option.

Brazil

- Advertisements for insurance services are permitted with restrictions. These advertisers must be authorized by the applicable insurance society, and are only allowed with prior authorization from Twitter.
- [Contact Twitter if you are interested in this option.](#)

Canada

- Promotion of general credit and loan products is permitted.
- All other financial services are prohibited.
- [Contact Twitter if you are interested in this option.](#)

Colombia

- Financial advertisers can only target Colombia if their business is based in Colombia.

Germany

- Promotion of investment products and services is prohibited.

Indonesia

- Promotion of securities is prohibited.

Ireland

- Advertisements for investment services, banking services, and collective investment funds are permitted with restrictions.
- Investment and banking services advertisers must be authorized by the [Central Bank of Ireland](#). Collective investment fund advertisers must be authorized by way of a passport under the UCITS regime, or in the case of a non-UCITS, by the Central Bank of Ireland. These advertisers are allowed with prior authorization from Twitter.
- [Contact Twitter if you are interested in this option.](#)

Italy

◦ Advertisements for financial services are permitted with restrictions. Advertisements may not state any of the

Italy

- Advertisements for financial services are permitted with restrictions. Advertisements may not state any of the economic conditions under which these products are offered in Promoted Tweet copy. In addition, these advertisers must be authorized by the [CONSOB](#) or the [Bank of Italy](#) as applicable, and are only allowed with prior authorization from Twitter.
- [Contact Twitter if you are interested in this option.](#)

Japan

- Consumer credit services are prohibited.
- Advertisements for banking, securities, foreign exchange, insurance, credit cards and mortgages are permitted with restrictions.
- Banking, securities, foreign exchange, and insurance advertisers must be authorized by the [Financial Services Agency](#).
- Credit card advertisers must be members of the [Japan Consumer Credit Association](#).
- These advertisers are allowed with prior authorization from Twitter.
- [Contact Twitter if you are interested in this option.](#)

Malaysia

- Money services business or info which may lead directly or indirectly to a transaction relating to a money services business is prohibited.
- Securities and investment schemes are prohibited.
- Any form of financial speculation, intended to promote or attract interest in stocks and shares is prohibited, except for ads related to newly approved IPOs.

Mexico

- Financial services advertisers can only target Mexico if their business is based in Mexico.

New Zealand

- Promotion of securities is prohibited.

Nigeria

- Financial services advertisers must be authorized by the Central Bank of Nigeria.

- Financial services advertisers must be authorized by the Central Bank of Nigeria.
- [Contact Twitter if you are interested in this option.](#)

Peru

- Advertisements for financial services are permitted with restrictions. These advertisers must be licensed with the appropriate regulatory agency.

Poland

- Advertisers must be registered with the [Polish Financial Supervision Authority](#).
- [Contact Twitter if you are interested in this option.](#)

Philippines

- Advertisements for pre-need plans and products are permitted with restrictions. These advertisers must be licensed by the [Insurance Commission](#).

Singapore

- Advertisements for moneylender services (other than those provided by entities authorized by the [Monetary Authority of Singapore](#)) are prohibited.
- Advertisements for banking, capital markets or securities, insurance, and financial advisory products or services are permitted with restrictions. These advertisers must be authorized by the [Monetary Authority of Singapore](#).
- [Contact Twitter if you are interested in this option.](#)

South Korea

- Advertisements for credit and lending services, financial investment services, and insurance are permitted with restrictions.
- Credit and lending services advertisers must be authorized by a competent local authority or the [Financial Supervisory Service](#).
- Financial investment services and insurance must be authorized by the [Financial Supervisory Service](#).
- These advertisers are allowed with prior authorization from Twitter.
- [Contact Twitter if you are interested in this option.](#)

Spain

- Advertisements for securities are permitted with restrictions. Securities advertisers must be authorized by the [CNMV](#).

Switzerland

- Financial services advertisers must be authorized by the FINMA.
[Contact Twitter if you are interested in this option.](#)

United Arab Emirates

- Advertisements for financial services are permitted with restrictions. These advertisers must be licensed with the [Securities and Commodities Authority](#) or the [Central Bank of the United Arab Emirates](#), as appropriate.

UK

- Advertisements for financial services are permitted with restrictions. Claims management businesses must be authorized by the [Ministry of Justice](#). Other financial advertisers must be authorized by the [Financial Conduct Authority](#).
- All U.K. financial advertisers are only allowed with prior authorization from Twitter. Authorizations are not required for advertisements targeted to the UK jurisdictions of Gibraltar, Guernsey, Isle of Man and Jersey.
- [Contact Twitter if you are interested in this option.](#)

U.S.

- Promotion of short-term loans and mortgage assistance relief services, including foreclosure prevention services, is prohibited.
- Promotion of free credit reports may not be tied to a recurring subscription service.
- [Contact Twitter if you are interested in this option.](#)

Venezuela

- Financial advertisers can only target Venezuela if their business is based in Venezuela.
- Advertisements for banking, brokerage, investment, and trading services are permitted with restrictions. These advertisers must be licensed with the appropriate regulatory agency.

What do advertisers need to know about this policy?

Review our guidelines and make sure you understand the requirements for your brand and business. You are responsible

◦ [Contact Twitter if you are interested in this option.](#)

Venezuela

- Financial advertisers can only target Venezuela if their business is based in Venezuela.
- Advertisements for banking, brokerage, investment, and trading services are permitted with restrictions. These advertisers must be licensed with the appropriate regulatory agency.

What do advertisers need to know about this policy?

Review our guidelines and make sure you understand the requirements for your brand and business. You are responsible for all your promoted content on Twitter. This includes complying with applicable laws and regulations regarding advertisements.

What other Twitter resources relate to this policy?

- [Guidelines for contests on Twitter](#)

Have questions or feedback about something on this page?

If you are an advertiser whose account or Tweets are currently under review and you would like to check on the status or request an expedited review, please log in to ads.twitter.com and file a support ticket using the **Help?** button in the top right corner of your ads dashboard.

If you are not an advertiser and need to bring to our attention ads that are potentially violating these policies, you can use our Help Center forms to [Report an Ad](#).

If you are interested in advertising on Twitter and want to learn more, please visit business.twitter.com.