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Elizabeth Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F. Street NE  
Washington DC 20549

Re: File No. S7-09-13 – Release Nos. 33-9470, 34-70741  
SEC Rule Proposal on Regulation Crowdfunding

Dear. Ms. Murphy:

I write today to address an issue that I suspect the Commission has concerns about regarding Title III of the JOBS Act. I draw upon my experience as an attorney who for 25 years has helped start and grow businesses, as well as someone who is at the forefront of the fledgling crowdfunding industry.<sup>1</sup>

There appears to be great concern amongst commentators, writers and those I speak with, about the feasibility of the rules the Commission has proposed with regard to Title III of the JOBS Act. The concerns nearly always focus on the cost of compliance. The Commission itself has cited costs in the proposed rules that seem to make the proposed rules and the law virtually unusable.

I, myself, have written and spoken about these concerns in various speeches and publications and in my initial comment letter to the Commission of January 29, 2014.<sup>2</sup>

However, in the months that have passed since the proposed rules were released, I have seen (and participated in) the remarkable ability of the American public to find ingenious ways to lower these costs and make the proposed rules workable as written.

For example, one provision that is frequently cited as oppressively burdensome is the audited financials requirement to raise between \$500,000 and \$1 million under Title III. As I wrote in my previous comment letter to the Commission, a traditional audit can cost tens of thousands of dollars, making a Title III offering of more than \$500,000 seemingly out of reach for most small businesses. However, in the months that have passed, I have seen an exciting trend emerge. While speaking at various financial, entrepreneurial and crowdfunding events across the country, I have come across CPA firms willing to do a complete audit for a startup business for \$2,500 or less. While I am sure these accountants view this low-cost service as a loss leader, such affordable services will, in my opinion,

<sup>1</sup> <http://venturebeat.com/2014/01/22/top-30-crowdfunding-thought-leaders/>

<sup>2</sup> <http://www.sec.gov/comments/s7-09-13/s70913-166.pdf>

become available nationwide as Title III rolls out. This will give small companies the ability to move forward with a \$500,000 to \$1 million raise, knowing that an affordable audit is available.

A second encouraging development is that affordable, third-party compliance services are starting to appear. My web site, FundHub.Biz is one of those third-party service providers. These companies will provide the compliance services required by the JOBS Act and the SEC rules, for a fraction of the cost of traditional legal and compliance services.

For example, in its proposed rules,<sup>3</sup> the Commission estimates the cost of preparing and filing Form C:

We estimate that the total burden to prepare and file the Form C, including any amendment to disclose any material change, would be approximately 60.00 hours \* \* \* We estimate that 75 percent of the burden of preparation would be carried by the issuer internally and that 25 percent would be carried by outside professionals retained by the issuer at an average cost of \$400 per hour.

Based on these estimates, the issuer would spend \$6,000 in "outside professional" fees to file Form C alone. All totaled, the proposed rules place the cost of compliance and fees for an issuer somewhere between \$12,900 and \$39,000 for a Title III \$100,000 offering using traditional services and compliance pricing.

While FundHub is certainly not the only third party provider in this space, it should be noted that FundHub will prepare Form C, and also prepare all disclosure documents, do all Bad Actor checks, verify investor status and all other necessary compliance for the same \$100,000 offering for \$2,500 total. Because of automation, all of these services will be provided for less than the cost the Commission attributes to the filing of Form C alone.

FundHub will also provide issuers with a network of attorneys willing to review the documents and compliance for a fraction of the cost of traditional legal fees. In most cases, FundHub's services and the associated legal fees will cost an issuer between \$5,000 and \$10,000 for a \$500,000 to \$1,000,000 offering, and between \$2,500 and \$5,000 for an offering less than \$500,000, to be in complete compliance.

These amounts are a far cry from the Commission's estimates of tens of thousands to hundreds of thousands for the same services.

I do not write this letter as a commercial for FundHub's services, but rather to alleviate the concerns of many about the letter of the law and the proposed rules for Title III equity

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<sup>3</sup> <http://www.sec.gov/rules/proposed/2013/33-9470.pdf>



crowdfunding. When people say the law and the rules will never work as written, they are wrong in my opinion. I am impressed by the willingness of accountants, lawyers and third party providers to step in and create and innovative ways to make this law viable as drafted.

While this new model of third party compliance services and affordable legal and accounting services may not curry favor with giant multi-state law firms or the Big Four accounting firms, these professionals have never been the true friends of the small businessman anyway. The JOBS Act was passed to help small businesses obtain capital, to create jobs, and to stimulate the economy. If a few huge law or accounting firms lose the ability to charge hundreds of thousands of dollars for services that entrepreneurial smaller firms can competently handle for far less, then so be it.

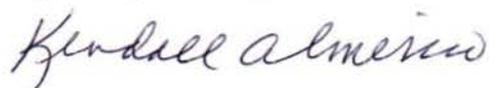
There are other issues with the proposed Title III rules that require revisions, and I have joined the chorus of others by giving the Commission my previous suggestions. The law, and the proposed rules are not perfect. No law is.

However, that imperfection should not prevent the Commission from releasing final rules, and allowing this game-changing law to be put into play. There will be bumps in the road, but Commission should not underestimate the ingenuity and creativity of the American public to make the law work. Any problems will be solved through innovation and the drive towards the American Dream that make this the greatest country in the world.

But until the final rules are released, we all must stand and wait, watch the economy continue to flounder, and listen to banks tell small businesses "no" to financing requests. The time has come to release the rules, and let this tool be used by entrepreneurs to grow and prosper.

Thank you for considering my comments, and thank you for the hard work you have put into creating a working model of this incredible law.

Respectfully Submitted,



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