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March 2, 2015

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-12-14

Dear Mr. Fields,

We submit this letter in response to the proposed amendments to the Exchange Act registration requirements under Title V and Title VI of the JOBS Act. Specifically, we are commenting on the annual recertification and investor information requirements in SEC Proposal section II.C, Application of the Increased Threshold for Accredited Investors ("the Proposed Rule"). As members of the Securities Arbitration Clinic at the Benjamin N. Cardozo School of Law, we write as advocates of our clients, many of whom are elderly, unsophisticated in securities matters and have low incomes.

Our clients often lack sufficient knowledge of securities disclosure regulations to make meaningful choices about their investments. We ask that the Commission consider that, in circumstances where individuals are unable to obtain representation and advice, the new threshold regulations may be too complex for unsophisticated investors to understand, and specifically, that such investors may not understand their particular interest in providing information to private companies about their status as accredited/unaccredited investors. We believe this may impact individuals' willingness to provide their financial information to issuers so that issuers may accurately determine whether they have reached the threshold requirement for public reporting and registration under Section 12(g)(1) of the Exchange Act. For this reason we have conducted a survey to gather our clients' views regarding their preferences and value judgments on questions concerning a requirement that they provide personal financial information each year to each private company they are invested in with the promise that if a certain threshold of unaccredited investors is reached for a particular private company, they would receive more complete and regular publicly filed information about such company. Additionally,

we polled our clients to determine which financial information they would be comfortable sharing, if any.

Our survey received 30 responses from unaccredited investors as of the date of this letter. Tellingly, while only one third of those polled indicated that they were willing to provide sufficient financial information on an annual basis to a private company in which they are invested so that the company could determine whether it had to publicly file quarterly and annual reports with the Commission, two thirds of those polled indicated that they valued complete and regular reporting from the companies they invest in more than they valued abstaining from providing personal financial information to such companies on an annual basis. While this was a limited survey, we believe that this may be indicative of a lack of understanding of the connection between such personal financial reporting and the potential reporting and registration requirements for private companies.

The Proposed Rule does not define who is an "accredited investor" for purposes of the Rule. While we believe that the Commission should undertake to reconsider its current definition of which persons and entities qualify as accredited investors under the existing definition of an "accredited investor" found in Securities Act Rule 501(a), we suggest that for the sake of clarity for both issuers and investors, the Commission incorporate the definition of accredited investors found in Rule 501(a) into the Proposed Rule. Under the Proposed Rule, issuers will have to recertify each investor's accredited/unaccredited investor status each year. Currently, pursuant to Rule 501(a) of Regulation D, issuers must use reasonable efforts to determine accredited investor status. We believe that here too, issuers should use reasonable efforts to obtain recertification of investors' status. Reasonable efforts should be measured by the totality of the circumstances regarding attempts to contact the investor, or the investor's designated contact (e.g., broker, third party) to obtain updated information for recertification. If the issuer has failed to obtain the information, however, even if the issuer has exhausted all reasonable measures, there should be a presumption that the investors who the issuer has been unable to recertify are unaccredited. Such un-recertified investors should therefore be deemed to be "holders of record" for purposes of Exchange Act Section 12(g)(1).

The burden should be on the issuer to ensure that all investors in Regulation D offerings (including crowdfunded offerings once they are permitted) are aware at the time of initial purchase that they may be expected to provide financial information on an annual basis for the purpose of accredited investor status determinations. We suggest that such notice to the investors should include an explanation of the SEC reporting requirement pursuant to Exchange Act Section 12(g)(1) that requires an issuer to register a class of equity securities within 120 days after its fiscal year end if, on the last day of its fiscal year, the issuer has total assets of more than $10 million and the class of equity securities is "held of record" by either (i) 2,000 persons or (ii) 500 persons who are not accredited investors. The issuer should explain that in order for an issuer to rely on the new, higher threshold established by the JOBS Act, the issuer will need to be able to make annual accredited investor determinations to determine if it is above the 500 holders of record threshold, which if reached would result in an obligation of the issuer to provide regularly released financial and other information on a quarterly and annual basis, and for such

reports to be publicly filed with the SEC. Such notice should also include a list of the specific types of documentation that will be requested annually for the purpose of making the accredited investor determinations, accompanied by an explanation that such documentation will be used by the issuer to establish whether or not a security holder is or remains an accredited investor at the end of each fiscal year.

All personal information provided to the issuer should remain in the issuer's possession, or that of its contractual agents, and remain confidential. We recommend that investors be informed that all sensitive data (e.g., social security number, tax ID number, personal residence) should be redacted by the investor prior to submission to the issuer. Nonetheless, the information should not be shared or used by the issuer for any purpose other than determining whether the investor qualifies as an accredited investor. Issuers should also be prohibited from selling or providing such information as to investors' status to any party other than the Commission.

Finally, we request that the Commission include information on its website to explain to investors the importance of determining the number of holders of record in reference to disclosure requirements and the type and extent of information the investor would receive from an issuer if that issuer would be required to register with the SEC.

Respectfully submitted,

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