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Submitted electronically to rule-comments@sec.gov

## Comments on SEC Regulatory Initiatives the JOBS Act: Crowdfunding

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To: Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission

### RE: Equity-Based Crowdfunding Models for the JOBS Act

Thank you for allowing AppleSeedz to comment and possibly assist in the regulatory rule-making process with the SEC. We are a hybrid equity based CF platform solution provider. We have one critical concern surrounding equity crowdfunding funding models of the US crowdfunding industry. Hopefully these comments will serve the SRO, investors, issuers, broker-dealers (intermediaries) and all alike.

As you are aware the Jobs Act takes on the crowdfunding model “All or Nothing” for investor’s protection. This is absolutely needed. Section 4A(7) explains this:

(7) ensure that all offering proceeds are only provided to the issuer when the aggregate capital raised from all investors is equal to or greater than a target offering amount,  
and allow all investors to cancel their commitments to invest,  
as the Commission shall, by rule, determine appropriate;

The essence and the core of the Jobs Act Bill lie in the “All or Nothing” crowdfunding model. There should be two more crowdfunding models introduced. Such as: “Keep it All” or “All and More”. This is a grey area for funding portals (intermediaries) and issuers, certainly avoidance will be met with more stringent regulations imposed. So I will propose this solution.

“Keep it All” and “All and More” equity crowdfunding models should both be handled at the state level. Issuers and intermediaries can apply through NASAA. Even though some portals may be exempt from being a registered broker-dealer at the federal level, but they should have to apply at the state level (*licensing exempt broker-dealers intermediaries or issuers will add tax dollars to every state*) to conduct business with these additional equity crowdfunding models. This will ramp up jobs

in each state and cut back on fraud. Most crowdfunding amounts that were funded in 2012 were small in excess ranges from donation-based platforms. The **“Keep it All” and “All and More”** models are for equity-based small funding amounts. A CAP IS NECESSARY. Possibly \$1 to \$50,000 is suitable at the state level.

This approach will help the state quickly identify bad actors before reaching across federal guidelines. This is a sort of “Nip it in the Bud” remedy. The **“All or Nothing” Federal Level** should be handled at the federal government level. Typically, large amounts of equity financial crimes are handled at the federal government level anyway.

Comments:

**“Keep it All” State Level** by definition means an issuer can keep all funds raised even if funding goal is not met. But the issuers criteria for the “Keep it All” crowdfunding model must have collateral (held by the state or broker-dealer of that state); good credit or have an existing business functional for at least 2-3 years in that state. This is the sure fire way!

**“All and More” State Level** by definition mean if a issuers surpass their funding goals, the issuer is responsible to allocate a one percent increase in equity to investors for that particular company/startup in that state. Why? The actual target funding amount has been surpassed for the company or startup. What else are they’re going to do with the funds? They might put it in their pocket!

**Both crowding portals (exempt or not) and issuers would have to pay state registration fees. Crowdfunding portals will implement a check box for either “Keep it All” or “All and More”. Issuer at the time of registration will be required to contact the state for these funding models.**

Conclusion

AppleSeedz appreciates the opportunity to be a part of this historical law making JOBS Act Bill. We feel there should be other crowdfunding models adopted for broker-dealers (intermediaries) and issuers, but at the state level. Having more equity crowdfunding models will help at the state, county and city in allowing local small businesses to flourish with abundance with investors’ capital. In the same token protecting investors investments creating a silent “whistle blowing” method for investors and law enforcement.

Please feel free to contact me for further clarification.

Cordially Yours,



EL Mazyck, President

