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 Dex Offshore Entertainment LLC (under construction)

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 Elizabeth M. Murphy  
 Secretary Securities & Exchange Commission  
 100 F Street, NE  
 Washington, DC 20549-1090

As the SEC evolves its thinking as to the market structure of crowdfunding platforms, I would urge you to adopt structures that enable participants of all size to flourish and encourage dynamism to the model as feedback is received on successes and failures. You might consider a multi-tiered approach.

The following table is purely representative of what such a matrix might look like and some of the categories impacted:

	Tier 3	Tier 2	Tier 1
<b>Annual Capital Raised</b>	<\$10M	\$10M-\$100M	> \$100M
<b>Companies Funded Annually</b>	<100	100-1,000	>1,000
<b>Active Investors on Platform</b>	<25K	25K-100K	>100K
<b>Capital Adequacy</b>	\$50K	\$250K	\$1,000K
<b>Reporting</b>	Annual Reviews	Bi-Annual Audits	Annual Audits
<b>Platform Licensing</b>	Basic	Intermediate	Advanced
<b>Employee Licensing</b>	Online Tests	Series 7 or 8	Series 7, 8 or 24
<b>Training</b>	Online Tests	Online Tests	Proctored Exams
<b>Compensation Structure on Assets Raised</b>	Capped at 15%, combo of up front fees and equity in companies	Capped at 10%, combo of up front fees and equity in companies	Capped at 10% of up front fees; no equity in companies allowed
<b>Communications to Clients</b>	Electronic	Electronic	Electronic
<b>IRS Reporting</b>			
<b>Investee Background checks</b>	Credit score, criminal record, FINRA	Credit score, criminal record, FINRA	Credit score, criminal record, FINRA
<b>Ability to hold client assets</b>	Up to \$2,500	Up to \$10,000	Up to \$100,000
<b>Surety Bond</b>	\$100K	\$500K	\$1M
<b>Master Accounts Allowed</b>	Yes	Yes	Yes

The point is – adopting a tiered structure enables many of the smaller low-cost platforms to operate without unduly burdening them with the overhead that can easily be absorbed by the firms hoping to be the Amazon or Kickstarter in the industry.

To put it in perspective, \$500,000 in incremental annual expenses associated with regulatory compliance based on solely a 5% fee on successfully raised capital means the income generated by the first \$10 million in capital raised on a platform is already spoken for. That's going to eliminate hundreds of potential market entrants from entering the industry. You can't operate a lean business with that kind of drag in capital and human resources. The investors lose, the entrepreneurs lose and the industry loses.

Accordingly, we implore the Commission to explore structures that foster innovation in the industry. Less costs, less rules, less burdens. Have the SRO be diligent in collecting the data and shaping the market based on what's working for all participants. Let there be a dynamism in the evolution of the marketplace that's aligned with the spirit of the bill.