submitted electronically to [*rule-comments@sec.gov*](mailto:rule-comments@sec.gov)

26 July 2012

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: JOBS Act Rulemaking -- Crowdfunding

Dear Ms. Murphy:

I appreciate the opportunity to provide comments on the JOBS Act, with this letter directed specifically to Title III -- Crowdfunding. As background, I have been involved in corporate finance my entire career, in commercial and investment banking, providing both debt and equity financing to early stage companies through large publicly traded enterprises. Of particular note, in 1999, I was a founder of OffRoad Capital, a financial technology company, which, in many ways, serves as a godfather to the crowdfunding phenomena. I would like to reflect a bit about OffRoad with the intent of commenting on the framework of crowd investing.

Specifically, OffRoad Capital developed and deployed an internet-based private capital market system. Operating under Regulation D, we aggregated approximately 9,000 accredited investors, representing both domestic as well as offshore individuals and institutions. Such investors were seeking increased exposure to private emerging growth company opportunities and angel/venture investments. What was clear at the time, most early stage private investing was highly localized, angel groups reviewing, assessing and investing in nearby companies. Regions like the Silicon Valley, Boston, and Austin, where many emerging technology companies are spawned, offered great opportunities for investors in those areas, but outlying investment groups, say in Raleigh, North Carolina, never got access to the same quantity or nature of investment prospects. One of OffRoad's goals was to democratize private investing.

The unique feature of OffRoad, a registered broker/dealer, was its use of the internet to convey information about the respective companies and their investment offerings. Historically, the fund raising process for private financings was a laborious one, with the development and physical distribution of a private placement memorandum, physical meetings and follow up calls: a process that was (necessarily) redundant from prospective investor to investor. Within OffRoad, we understood the power of conveying information online, simply, to tell a story singularly to a plurality, thereby creating a high level of efficiency in the communications with our investor community and within the construct of a marketplace. The business of finance is, in many ways, the business of information flows – from a company seeking financing sharing information with an investor, who then in turn responds with further queries, and so on back and forth. By being efficient in the dissemination of offering materials, as well as facilitating the transactional aspects, we were able to conclude a financing in days and weeks, not months, and up to amounts of $15 million and more, in increments of $25,000 (or more). Key to our approach, and being consistent with the intent of the Securities Acts, we focused diligently on the nature of the disclosures, providing appropriate levels of information, data, and analytics in a standardized way, to enable comparability and consistency between offerings. Business and financial models, profiles of management and ownership, market discussions, go-to-market strategies, investment highlights, risks and mitigating factors, and constantly refreshed FAQs ("frequently asked questions"): all were delivered in an objective and consistent fashion within an online memorandum.

We further employed technology also to bring the dialogue to a more engaged level between the offering company's management team and the investor community. We understood that new issues and private company finance involved "telling a story". We conducted management presentations and interviews via a television studio where a live stream of the presentations would be available to the investor community, and phone bridges were used to allow investors to pose questions directly to the management team in real time. For those investors who could not participate in the live event, we recorded the video portion and transcribed the audio to enable all OffRoad investors to have access to the content. We additionally allowed the OffRoad market to "price" the offering, with us setting a "reserve price" to start, and based on demand, allow the price to be "discovered" for clearing. The bidding process was completely transparent to the investor community. Additionally, transaction structures were designed and largely standardized, for both investor comparability, and ultimate co-existence with existing or future financing rounds.

At the time (1999-2001), it was a formidable task to provide such live information flows and interactivity, but now with the various applications, such as SKYPE, YouTube, Vimeo and other rich media tools, the conveyance of rich information can be accomplished extremely cost effectively. And while the tools may be there, it is still of utmost importance to provide the proper level of operating, management, market and financial disclosures to enable investors to make informed decisions. In certain circumstances, we even built interactive spreadsheets into our online memoranda, wherein the investor could conduct a level of sensitivity analysis in terms of, for example, sales growth rates, gross and operating margins, capital expenditures and other financial assumptions, including subsequent dilutive financings and exit multiples, which would estimate potential investment returns under various scenarios. It was a goal to bring both appropriate levels of information to the investors, while engaging them so that they could absorb the content by various means and do so more comprehensively.

Additionally, and modeled after the Exchange Act, we developed and mandated post-market reporting for the companies that had raised funds through the OffRoad market. Though condensed from the initial investment disclosures, we required companies to prepare a quarterly report, delineating financial and operating performance for the prior quarter and fiscal-year-to-date, and provided our version of a Management Discussion and Analysis, including a variance comparison and commentary on actual performance to plan. Since there was not immediate secondary trading, the quarterly portfolio reports would also include updated projections and a rationale as to why an outlook may have changed, either positively or negatively, from the date of the original offering. Some reflections come to mind regarding the reporting. The portfolio reports were also standardized, so investors became accustomed to the nature of the reports, and the companies could complete the reports efficiently. Secondly, the "push" of information to the investors, rather than the investors constantly asking for updates, reduced management's time devoted to redundant commentary. Lastly, an additional purpose of the post-market reports was to provide the broader market consistent and current information about the issuing company in support of a secondary market, whereby original investors could monetize their position on a discretional basis by selling to further informed investors. Again, we recognized the purpose of the '34 Act, and attempted to apply the same to a private capital market, but tailored it for entrepreneurial companies.

This recollection is provided as it may serve as perspective for equity crowd funding platform design and framework. The vision of OffRoad was to be an agnostic, objective market system for private companies, ultimately creating a platform for such companies and their agents to raise levels of private capital efficiently and transparently. At OffRoad, we set best practice standards in initial disclosures, utilizing various media, established transparent price discovery, and provided on-going investor reporting, all of which was dedicated to keeping the investor informed, through his investment decision making process and during the life of the investment.

Capital formation for small business is a critical need that we as an economy must address. Unlike larger businesses which have access to various degrees of equity funding, or companies in select industries with expansive potential which can attract professionally managed venture capital, most small businesses rely on limited personal funds, or even more common, debt financing, either at the business level or, quite frequently, tapping into the equity of their personal residence. Now with the sentiments of the lending community, underscoring those in housing finance, availability of capital is limited. Small business is claimed to be the engine of job creation, wealth creation and a stabilizing force in communities. It would seem from a pure policy standpoint, that creating enabling mechanisms to direct equity capital into small business, such as crowd funding, should not lead to a contentious debate of "why or why not?" It should rather be a discussion of "how can we do it". The regulatory framework of our securities markets is not to guarantee the success or failure of an issuer, rather the intent is to build trust through adequate, consistent, and uniform disclosure so investors have a true and level playing field for investing activities. If the intent of a framework is/was to avoid losses, then similar frameworks would have been designed and defined for other investment activities, including, say, the purchase of a home. Digressing, over the last five years, nearly $8 trillion of household wealth was destroyed within the residential real estate market, as homebuyers had discretion as to where and how much they invested (or how much they borrowed), and unfortunately, markets move and success is not guaranteed. In the case of housing, we believe the wrath of wealth destruction emanated from the form of financing used in housing (excessive leverage), which my company, PRIMARQ, is seeking to address. Nonetheless, investors (i.e., homebuyers) had *carte blanche* ability to invest at will and be subject to rises and falls in asset levels.

I submit that it is critically important to find capital formation mechanisms to enable the flow of equity capital into small business. As a regulatory body, and consistent with how our public markets are framed, I believe the narrative should be focused on "how to do it", rather than "should we do it", with the goal to provide a fair playing field, requiring appropriate, comparable and timely information to the investor to enable informed decision-making on any issuing company and its investment opportunity. OffRoad was an example of one approach.

Respectfully submitted,

Steven A. Cinelli
Founder |CEO