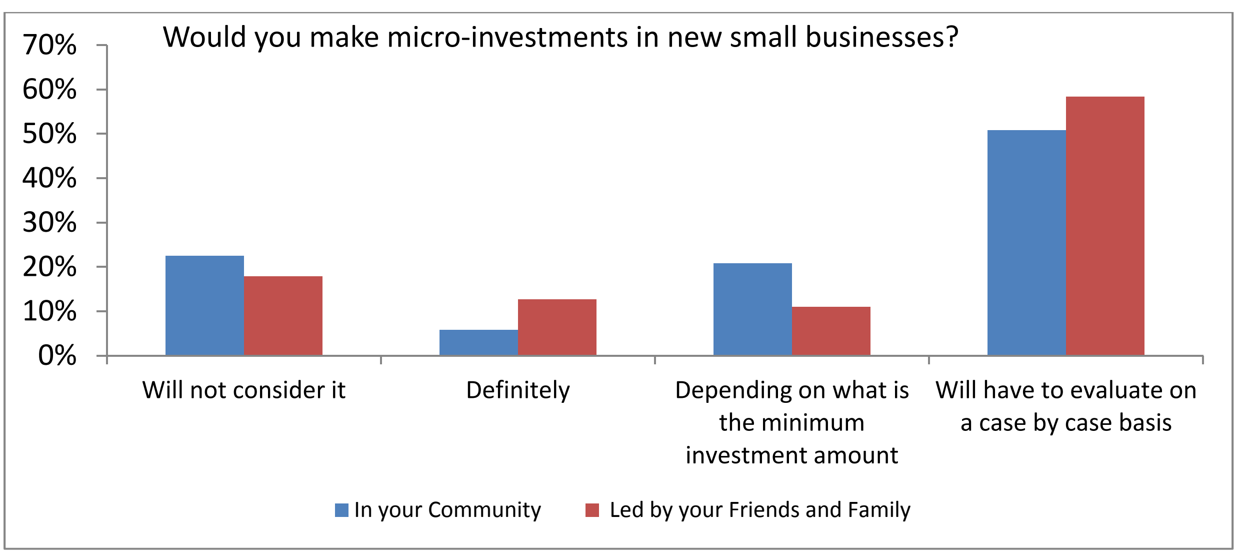
Dear SEC officials,

Pearfunds is a company focused on providing equity-crowdfunding for new small businesses by leveraging social networking and community investments. Our team has strong working experience with fortune 500 companies such as Capital One, Procter & Gamble and Diageo and has recently developed a P2P lending startup company (www.talendloans.com).

In the past two months, we have met with leaders in the crowdfunding movement, such as Sherwood Neiss to share our thoughts on crowdfunding. Moreover, we had the opportunity to attend July 13th symposium in Washington, DC and learn about the opportunities and challenges that lay ahead. We are very excited to be part of this new industry as we strongly believe it could improve the economic standing of many communities around the country. In this spirit, we would like to provide you with suggestions and comments to improve the rule making process and hopefully help the industry grow in the long run.

We recently performed a survey on 173 American households with annual income greater than $60,000 and ages between 25 years and 65 years, and found out than more than 70% of community investors as well as friends and family investors would be willing to make crowdfunding investments in new small businesses. However, we found Interesting, that ~50% of the surveyed population mentioned they would invest only if they were able to evaluate each offer on a case by case basis (see chart below).



Most crowdfunding investors are likely to be people with weak financial analysis education and with very few experiences assesing the risks when investing in new small businesses. Therefore, we recommend (i) **allowing crowdfunding portals to provide a valuation framework which could guide inexperienced investors on what is a fair valuation while at the same time** (ii) **creating a negotiation space between the entrepreneurs and its potential investors**. These features could open the door to profitable portfolio investments and in the long term, generate more new successful businesses and hence, more jobs.

The bill text that was approved on April 2012, states that crowdfunding portals should be prevented from offering investment advice or recommendation to crowd investors. Nevertheless, we are concerned that the definition of advice in the final ruling could have a detrimental effect on the long-term outcome of the whole industry. As you can see from the survey above not being able to independently evaluate each offer could lower the levels of overall crowdfunding investment.

We recognize the need to treat all businesses equal in order to maintain fairness and avoid any type of discrimination among the players of this industry. That said, we consider that requiring platforms to disclose the terms and methods used to offer investment education, as well as guaranteeing the equal application of these methods across all applicants would allow users to participate while preventing fraud and complying with RegB principles.

In the specific case of small business startups (as opposed to high growth ventures), valuations are generally based on multiples that are applied to a specific financial metric and are usually dependent on the business's industry code. **We suggest allowing crowdfunding portals to make use of this methodology in order to provide a fair, stable and reasonable valuation reference for crowdfunding potential investors**.

We look forward to hear back from you as we are eager to help out as much as possible in providing requested feedback and analytical insights to the regulation process.

Thank you for your hard work,

Sincerely,

Hector Vizcarrondo
Co-founder & CEO, Pearfunds, LLC

PearFunds
Fruitful Peer Investments

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