

MEMORANDUM

TO: File

FROM: Shaheen Haji
Special Counsel
Office of the Chief Counsel, Division of Trading and Markets
U.S. Securities and Exchange Commission

RE: Telephonic Meeting with Representatives from CIFRA

DATE: November 13, 2012

On November 8, 2012, Commission staff met with representatives from CIFRA to discuss issues regarding the implementation of Title III of the Jumpstart Our Business Startups Act.

The following Commission representatives participated in the telephonic meeting: David Blass, Joseph Furey, Leila Bham, Daniel Gien, and Shaheen Haji from the Division of Trading and Markets; and Sebastian Gomez Abero, from the Division of Corporation Finance.

The following CIFRA representatives participated in the telephonic meeting: David J. Paul, Candace Klein and Vincent Molinari.

SEC and Crowdfunding Portal/Industry Representative Meeting

AGENDA

1. Introductions
 - a. Reduction of fraud through crowd intelligence
2. Investor protections
 - a. Clarity, transparency and oversight
 - b. Due diligence/Disclosures
 - i. Credit checks
 - ii. Securities checks
 - iii. Criminal background checks
 - c. Self-policing
 - i. Collective crowd-review of issuers
3. Infrastructure/operational issues
 - a. Portals
 - i. Obligations of portals – checklist of requirements for accreditations for portals - CAPS
 - b. Issuers
 - i. 21-day “cool-off”
 - ii. Screening of offerings - investment advice clarification
 - iii. Financial statement requirements
 1. Specific data requirements for issuers
 2. “New business” exemption – owners’ financial data clarification
 3. Director and Officer financials (standardized)
 - iv. All Or Nothing requirement vs. Milestone clarification
 - v. Clarification of use of social media to promote crowdfunding offerings
 - c. Investors
 - i. Investor Reps and Warranties (Reg D sufficiency clarification)
 1. Crowdfunding “funds”
 - ii. Rescission period clarification – oversubscription
 - d. Compliance
 - i. Escrow/Clearing
 - ii. Structuring of investment advice – informational clarification
 1. Checklists for investors and issuers
 2. Underwriting (debt) clarification
 - iii. Database maintenance and responsibility
 - iv. BAD ACTORS (sharing of information/banning)
 - v. Unique ID’s (i.e. EDGAR, CUSIP)
 - vi. Lead generation (third party providers and compensation)
 - vii. Ability for portals to crowdfund themselves
4. Ongoing governance
 - a. SRO
 - b. Existing Organizations/Associations
 - c. Hybrid solution
5. Reg D offerings (July, 2012)