

The CrowdFund Intermediary Regulatory Advocates
20-22 W. 12th Street
Cincinnati, OH 45202

March 11, 2013

U.S Securities and Exchange Commission
100 F Street North East
Washington, DC 20549

**Re: SEC Regulatory Initiatives
JOBS Act Title III: The Role of Social Media and Crowdfund Investing**

Ladies and Gentlemen:

We are the Crowdfund Intermediary Regulatory Advocates (“CFIRA”). We wish to thank you for continuing the open dialogue through meetings and comment letters with CFIRA as related to a variety of issues related to the implementation of Title II and Title III of the Jumpstart Our Business Startups Act (the “Act”). This letter is submitted to offer further insight based on a letter submitted on June 5, 2012, on how social media plays a strategic role within the crowdfund investing industry.

CFIRA respectfully submits the following comments and recommendations to summarize an overview of the market and views expressed amongst CFIRA members as related to social media and its effect on equity and debt based crowdfunding under the JOBS Act, specifically, Title III based on discussions with FINRA on January 18, 2013.

I. How will intermediaries enable issuers to share information through social media

The power of crowdfunding is, in part, predicated on its strong connection with social media. The success of crowdfunding will be based upon the quick, broad and efficient exchange of information. It is expected that the crowd’s use of social media will be a critical instrument in facilitating due diligence, detecting fraud, increasing transparency, and sharing information with other potential investors and an important tool in maximizing investor protection.

An assessment of the donation/reward-based crowdfunding platforms supports the notion that in order for crowdfunding to flourish, issuers must be able to openly and easily share their campaigns using social networks like Facebook, Twitter, LinkedIn, Instagram, Google+, Pinterest, and YouTube. CFIRA anticipates that these sharing features will also be critical components of Equity and Debt based Intermediaries as they will empower the investors to share information that will foster transparency and public discourse.

CFIRA respectfully suggests that the staff review the interaction on existing crowdfunding (non-security) sites, such as www.kickstarter.com, and www.rockethub.com, to discover how effective these exchanges of information can be.

II. Intermediaries should be required to track social media messages initiated by platforms.

Employees of an Intermediary should not initiate social media messages regarding investment advice; however, tracking and archiving requirements are addressable in regard to the initial message that may be generated by an employee under other circumstances. Platforms can

reasonably be expected to maintain records of any advertisements that employees initiate through social media.

III. Intermediaries tracking user-initiated social media messages.

It may not be technically feasible for intermediaries to track or archive social media messages which are initiated by users of a given platform beyond messages posted to a forum on the platform itself. In addition, these requirements may not apply if independent users leverage social media features independently to initiate messages off of the platform. We highlight the reality that, regardless of whether commentary is initiated on a funding portal's site or not, the crowd is going to exchange information about the offering via social media and their social networks.

IV. Intermediaries tracking communications outside of their platform.

Tracking and archiving burdens should not apply to any "forwarding" or third-party modifications of the original message (re-tweets, likes, etc.). This information is only manageable by social media sites themselves and is not accessible by platforms that utilize third-party Facebook, Twitter and LinkedIn APIs. Once information exists on the Internet, there is no way for funding portal or for an issuer to control or limit the spread of such information.

In addition, any requirements for platforms to embed disclaimer messages in social media messages would also be overly burdensome on Intermediaries from both a technical and cost perspective. However, platforms can post a disclaimer on the social forum page as well as in their Terms of Use indicating that all view expressed are those of the platform users (investors and issuers) and not the platform or its employees.

V. Intermediaries should create terms and conditions related to issuers.

Intermediaries should create a terms and conditions agreement that an issuer will sign before commencing with a campaign in which the issuer accepts responsibility for communications outside of the platform that may not meet regulatory law.

VI. Intermediaries should not be required to register solely based on offering social media tools.

Intermediaries who host discussion boards and social media sharing tools for the exchange of information between investors and issuers are providing a community forum for the exchange of ideas and information. Since the communications are intended to be limited to the funding portal participants without any substantive involvement by the Intermediary, we respectfully assert that Intermediaries should not be required to register as a broker or dealer under Section 15(a)(1) of the Securities Exchange Act of 1934, as amended, and should not be deemed to be an investment advisor within the meaning of Section 202(a)(11) of the Investment Advisors Act of 1940, as amended, so long as the funding portal, its officers, directors, and employees, do not participate (other than removing posting that are abusive) in such discussions forums other than to enforce clearly disclosed rules regarding posting and the exchange of information.

Working alongside the Commission, CFIRA strives to develop a balanced and healthy ecosystem for the crowdfunding industry. We believe that this will be possible, so long as flexibility, transparency, and a comprehensive framework of industry standards and best practices are created as the industry matures. The members of CFIRA remain available for further discussions relating to defining the frameworks for Title III and we continue to be available to work with the Commission, to ensure a healthy ecosystem, capital formation, and investor protection whenever possible.

We look forward to continued dialog between all parties as the rulemaking process progresses.

Respectfully submitted,



Ryan Feit
Co-Founder & CEO, SeedInvest



Kim Wales
Founder & CEO, Wales Capital

CROWDFUND INTERMEDIARY REGULATORY ADVOCATES