

**MEMORANDUM**

**FROM:** Timothy White  
Special Counsel  
Office of the Chief Counsel, Division of Trading and Markets  
U.S. Securities and Exchange Commission

**RE:** Phone call with BancBox and SeedInvest

**DATE:** March 25, 2013

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On March 25, 2013, Commission staff spoke with representatives of BancBox and SeedInvest, to discuss issues regarding the implementation of Title III of the Jumpstart Our Business Startups Act, including payment mechanism for funding portals.

The following Commission representatives participated: Joseph Furey, Joanne Rutkowski, Leila Bham, Timothy White, Daniel Gien, Shaheen Zuver, and Wonju Sul from the Division of Trading and Markets; and Tamara Brightwell and Sebastian Gomez-Abero from the Division of Corporation Finance.

The following representative of BancBox participated: Sang Goyle, Vineet Mathur.

The following representatives of SeedInvest participated: Ryan Feit.



a primer, prepared for:

# The SEC

March 25, 2013

BancBox Crowd provides a payment and escrow solution that is created specifically for crowdfunding platforms. It is:

- Designed to comply with Title 17 of the 1934 securities exchange act – 240.15(c)2-4
  - BancBox Crowd takes constructive receipt of all funds
- Less expensive
  - To ensure that system costs make up a low percentage of the transaction
- Easy to use
  - to ensure a smooth transaction flow and minimum confusion on the part of investors

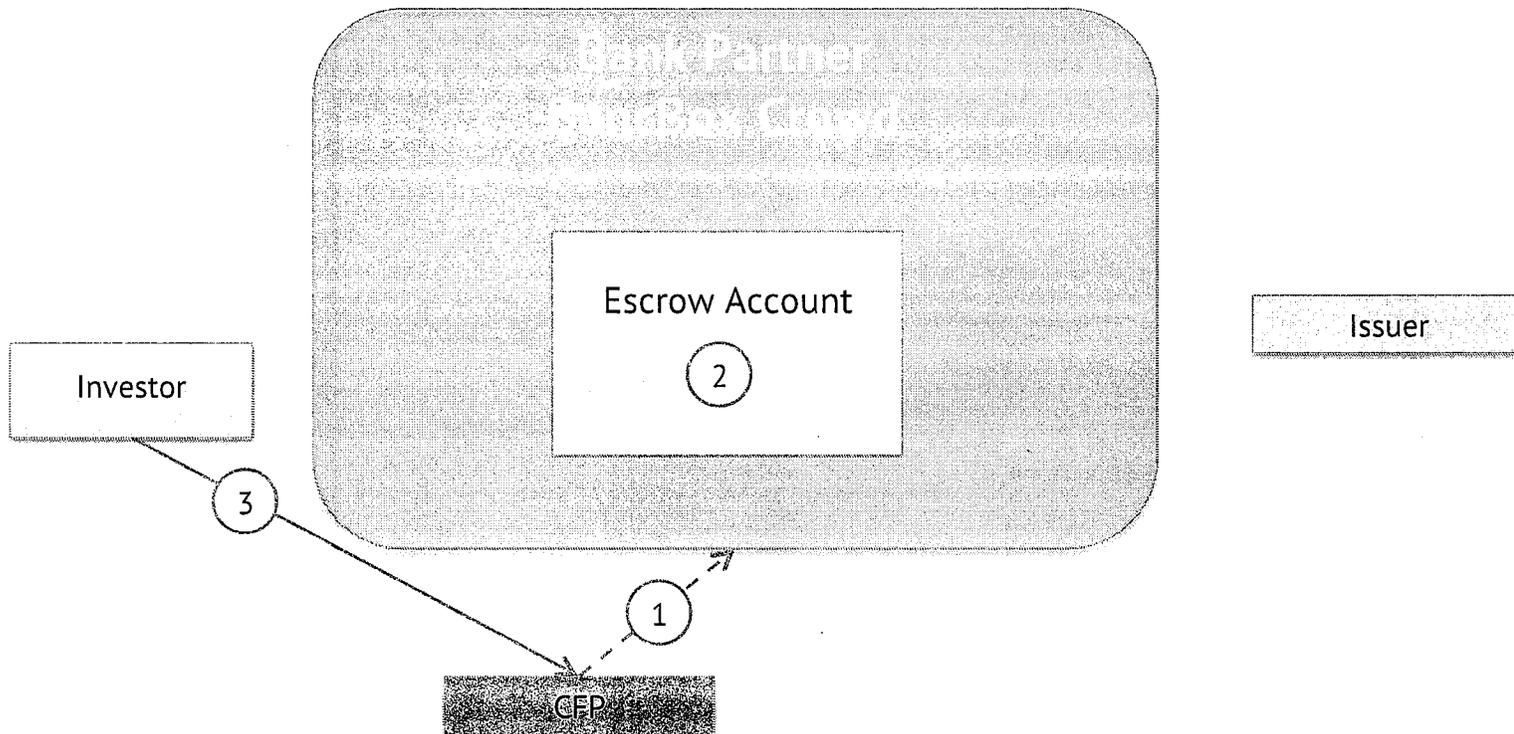
BancBox Crowd is designed to comply with Title 17 of the 1934 securities exchange act – 240.15(c)2-4.

- BancBox Crowd takes constructive receipt of deposited funds.
- Accounts are FDIC-insured.
- Each account created is verified through industry-standard KYC and OFAC solutions to ensure BSA and AML compliance.
- BancBox Crowd controls movement of funds, via instructions from investors passed via the crowdfunding portal.

1 CFP contracts with BancBox Crowd (BBXC) to provide payment and escrow services.

2 BBXC establishes an escrow account ("Escrow Account") for each investment opportunity on CFP website.

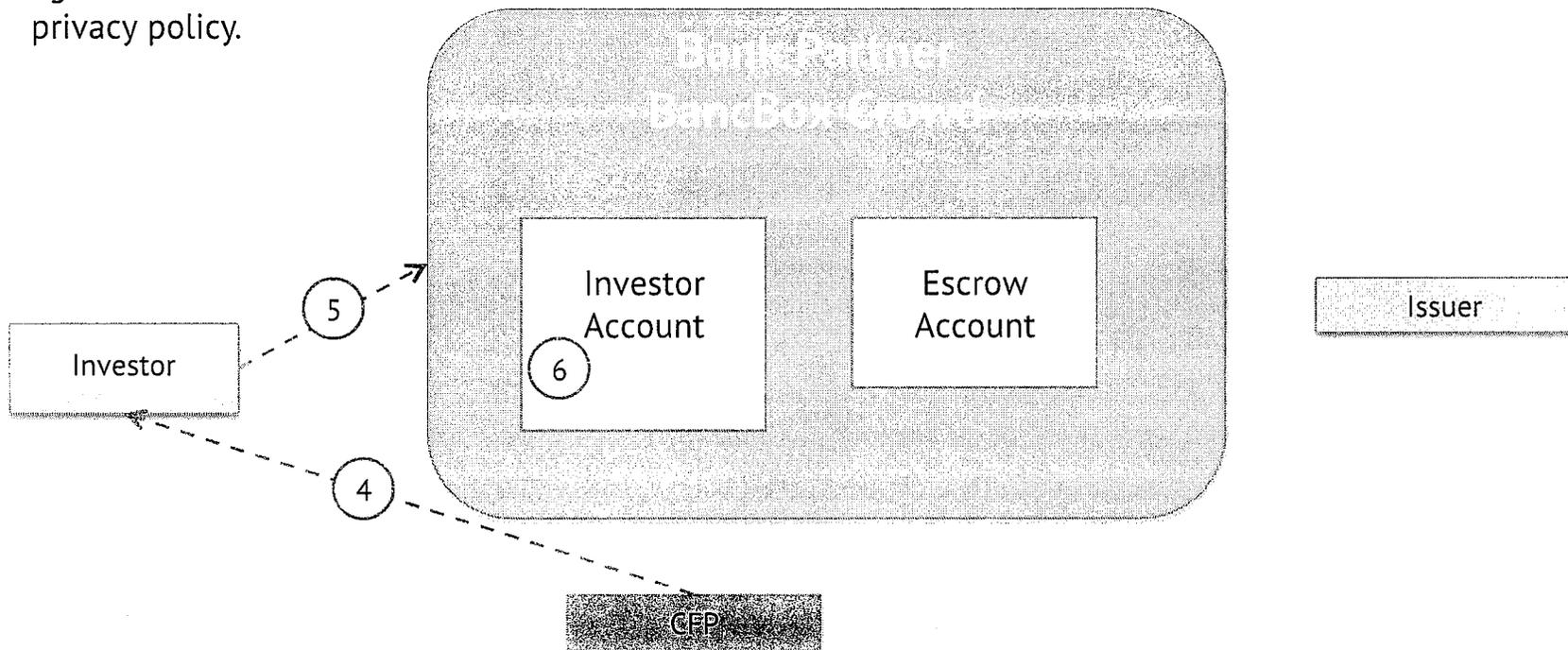
3 Investor visits CFP website.



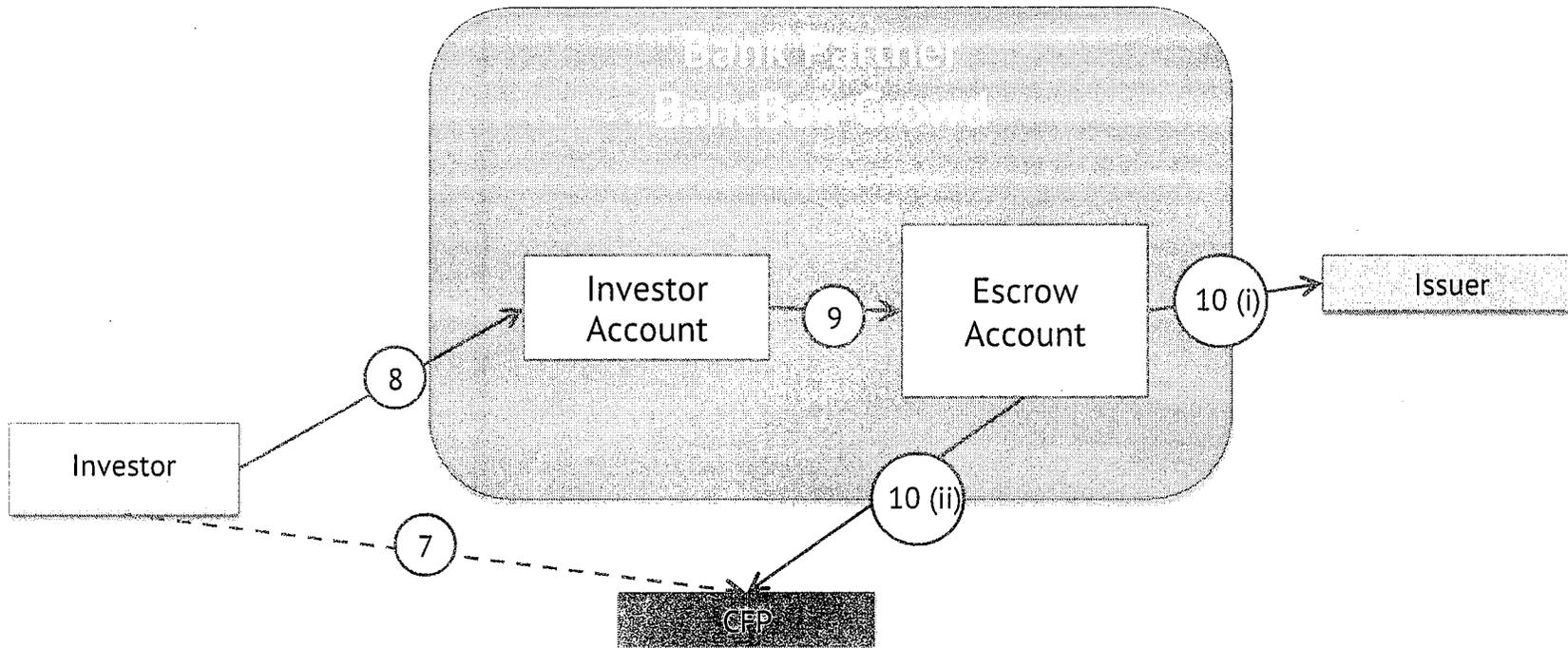
4 During investor registration with CFP, the investor also receives BBXC agreements and privacy policy.

5 BBXC completes KYC/ OFAC/BSA verification.

6 BBXC establishes FDIC-insured bank account ("Investor Account") for investor.



- 7 Investor chooses investment opportunity from CFP website.
- 8 CFP passes to BBXC Investor authorization to deposit funds into Investor Account (BBXC takes constructive receipt of investor funds).
- 9 CFP passes to BBXC Investor authorization to move funds from Investor Account to Escrow Account.
- 10 When Escrow Account conditions of release are met, BBXC releases funds from Escrow Account to: (i) issuer and (ii) fees to CFP.



BancBox Crowd is less expensive, to help ensure that system costs make up a low percentage of the transaction.

- Lower system costs to the CFP
  - Accounts are created programmatically to ensure scalability.
- Lower actual costs to the CFP
  - Current option – costs can reach \$3500 per transaction
  - BBXC option – much lower cost per successful transaction
- Lower costs to the investor, utilizing less costly and quicker to clear methods of depositing funds
  - Current methods – wire transfer can cost more than \$40  
paper checks can take weeks to clear
  - BBXC methods – cost is \$0  
transaction clears in 2-3 business days

BancBox Crowd is easy to use, to ensure a smooth transaction flow and minimum confusion on the part of investors.

- Investor never needs to leave the CFP website
  - Account creation occurs upon registration with CFP
  - Funds movement authorized during the investment process
  - Investor account activity is available via the CFP
- No extra steps required
  - Information required for KYC/OFAC check can be provided by the CFP

## BancBox is a Payments Services Platform



Enabling technology that allows companies (including BancBox) to build financial service solutions.



API driven - to collect, store and send money



Processed over \$7 billion completing over 1 million transactions per month



Managing over 100,000 FDIC insured bank accounts



Managing over \$70 million in average daily client deposits



\$10 million in revenue and profitable



\$11 million in funding from:



**Foundation**  
CAPITAL

**FLOODGATE**

**FOUNDER**  
COLLECTIVE

## Management Team



**Sanj Goyle,**  
Chief Executive Officer



**Praveer Kumar,**  
VP, Engineering



**Bill Wilson,**  
VP, Product Development



**Vineet Mathur,**  
VP, Product Marketing

### ➔ Expertise/Experience

- Data Security
- Big Data
- eCommerce
- Privacy
- Regulatory Compliance
- VISA
- Yahoo
- Nextag
- Acxiom

## Board of Advisors

- ➔ **Bill Harris,** CEO of Personal Capital (ex-CEO of PayPal and Intuit)
- ➔ **Edward Katzin,** Past Head of Global Emerging Products, Visa and CIO, Revolution Money
- ➔ **Girish Balasubramanian,** VP, Strategic Initiatives, Western Union (ex-PayPal)
- ➔ **Samir Kumar,** Managing Director, Amazon Retail (India)

- BancBox Crowd is happy to provide a more in-depth description of our solution at the SEC's request
- BancBox Crowd and SeedInvest would appreciate the opportunity to provide a demonstration of the integrated solution at a mutually agreeable time in early April, 2013.