On April 20, 2012, Commission staff met with representatives from “crowdfunding” portals to discuss issues regarding the implementation of Title III of the Jumpstart Our Business Startups Act.

The following Commission representatives were present: David Blass, David Shillman, Kathy England, Joseph Furey, Richard Holly, Nancy Burke-Sanow, Leila Bham, Chris Grobbel, Shaheen Haji, Ignacio Sandoval, and Timothy White, from the Division of Trading and Markets; Lona Nallengara, Tamara Brightwell, Lillian Brown and Jennifer Zepralka from the Division of Corporation Finance; and John Polise, Mark Donohue, Michael Hershaft, and Christine Sibille from the Office of Compliance Inspections and Examinations.

The following representatives from crowdfunding portals were present: David J. Paul and Chance Barnett of Crowdfunder.com; Sherwood Neiss and Jason Best of StartUpExemption; Candace Klein of SoMoLend; David Drake of LDJ Capital; Vincent Molinari of GATE Technologies; Nikhil Bhargava of Motaavi, LLC; Brian Meece and Alon Hillel-Tuch of RocketHub; Brian Tsuchiya and Shane Fleenor of Vim Funding; Richard Swart of Grow America Ventures; and Douglas Ellenoff of Ellenoff Grossman LLP.

The crowdfunding portal representatives’ meeting agenda is attached.
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
   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)