

May 1, 2012

Dear SEC Staff:

Crowdfunding investors should be allowed to form a single entity holding all of crowdfunding investments, such that they can operate in a unified manner and appoint representatives to properly represent their interests. The operating company and any future investors would then only have to interface with 1 shareholder instead of potentially thousands of individual crowdfunders. This structure has several benefits for both crowdfunders and the issuers:

For the Investors:

1) Collective Voice: Using their collective voice, the crowdfunders will be better positioned to protect their collective interests. Individually, each crowdfunder will not have any ability to influence the operating company, but collectively, could be positioned to negotiate favorable terms in connection with future financing rounds, terms of an acquisition, terms of a redemption of the crowdfunders' stock, etc.

2) Increased Shareholder Rights: If operating companies are required to directly issue stock to thousands of crowdfunders, the shareholder rights are likely to be heavily limited (with no voting rights, information rights, tag-along rights, right of first refusal rights, registration rights, preemptive rights) because the burden on the operating company would be too great. An operating company would be far more willing to grant these rights to a single holding company, which could then pass through the rights to the crowdfunders. **The crowdfunders would therefore likely obtain greater voting rights and influence due to the holding company structure.**

3) Greater Liquidity: A single holding company structure will make it much more appealing (read: higher price) for a new investor to buy out the crowdfunders or for the company to redeem the crowdfunders in a single transaction. They will be far more hesitant to try to do this if they have to obtain each crowdfunder's signature or conduct a tender offer.

4) Better Investment Prospects: A company with thousands of shareholders and a complicated capital structure will find it very difficult to obtain future investment or to sell the company. A simple holding company structure will **improve the crowdfunders' potential investment returns.**

For the Operating Company:

5) Logistics: It will be much easier for the operating company to manage stockholder consents, issuing stock certificates, containing confidential information, selling the company, redeeming or selling the crowdfund shares in a single transaction (e.g. if a VC wants to buy out the crowdfunders), distributing profits, and many more common stockholder functions.

6) Corporate Structure: The operating company will avoid the need to adopt a complicated corporate structure.

7) Future Financings: A professional investor would be highly reluctant to invest in a company with thousands of shareholders. With this holding company structure, the professional investor would also only have to deal with the single holding company. This will make future financings much easier.

Without the ability to use holding companies, issuers using crowdfunding will have great difficulty raising future financings. A significant number of the type of companies that the legislation is intended to help will therefore be forced to forego crowdfunding because of these structural issues, frustrating the purpose of the JOBS Act.

For a graphic on what this structure would look like and further analysis, please see <http://1billionangels.com/2012/04/09/a-crowdfunding-corporate-legal-structure-ipad-3-style/>.

Thanks,

Kiran Lingam, esq.

www.1billionangels.com

New York, NY