



RE: Comments on Rules for General Solicitation 510T and Form-D Pre-File

Ladies and Gentlemen:

These comments are submitted on behalf of Arctic Island, LLC and our subsidiary, FundAmerica, which will soon provide software and services to enable small businesses to raise capital pursuant to the new 506(c)-D exemption. We will further modify our systems to allow fundraising via the Title III exemption at such time as the rules are issued. Personally I am on the Board of CFIRA, authored the “Best Practices for Funding Portals”, have raised over \$120M in family and friends, angel, and venture capital for various businesses I’ve founded, and have been an angel investor in numerous businesses started by others, which provides me with a deep respect for, and understanding of, this market.

There has been much written in the media about hedge funds using the new General Solicitation exemption, and the Commission and others are right to be concerned about that. However, the rules as proposed seem to focus on that one issue to the point where the intended beneficiaries of the JOBS Act, small businesses and the jobs they will create, are all but forced out of the process. While it is imperative to consider and incorporate rules and business processes regarding investor protection, these must be weighed against real-world practicalities.

Our specific comments and suggestions to the proposed rules are;

510T – given small businesses critical need for financing, it is expected that thousands of restaurants, doctors’ offices, machine shops, bakeries, janitorial services, plumbers, and others will use the 506(c)-D exemption to raise small amounts of capital. While it may be preferred to use the Title III exemption to raise \$25,000 - \$1,000,000 the reality is that businesses need funding now and since the Title III rules are not done then they will use what’s available. Platforms such as FundAmerica (formerly Arctic Island) are creating systems and automation that will make it economically practical for small businesses and broker-dealers to use the 506(c)-D exemption for these “micro” capital raises.

These businesses and their related parties, including owners and employees, may be very good at operating their companies but are certainly not steeped in securities laws. To require them to “pre-file” every Facebook like, every Tweet, every Pinterest, every mention in a post or comment on a LinkedIn forum, or every handwritten sign they may place in the reception area of their businesses is simply not practical. **Even with the best of intentions, it is not reasonable to expect that the rule will be complied with by these small issuers. And even if it were, the millions of postings would likely overwhelm any database that the SEC creates for such a purpose.**

Suggestions:

1. Exempt small (“micro”) offerings of business issuers (not funds) raising under \$5 million from this rule.
2. Create a separate standard for “funds” as differentiated from businesses raising capital directly to grow and create jobs.

Form-D Pre Filing – as with the comments on 510T, this too is burdensome and expensive for small businesses seeking small capital raises. Requiring a Form-D within 15 days of a securities-sold-date, as is currently the rule, is fine as a funded business would have the resources to pay counsel to file it.

Furthermore, the potential complications with future Title III rules are enormous. For instance, it is not yet known whether accredited investors will be limited to investing a maximum aggregate total of \$100,000 per year in Title III offerings. If so, then we expect that businesses will almost always run dual offerings of Title III *and* 506(c)-D so that accredited investors can participate. If that’s the case then there will literally be 100,000 or more Form-D’s needing to be pre-filed every year. **The burden on both small businesses and the SEC would be incredible.**

Suggestions:

1. Exempt small (“micro”) offerings of under \$5 million from this rule.
2. Permit broker-dealers operating funding portals to easily and electronically via an API pre-file Form-D’s on behalf of issuers using their platforms.

Thank you for your consideration,

Scott Purcell
Founder, CEO
Arctic Island, LLC