

RE: Startup America JOBS Act implementation

To whom it may concern at the SEC:

Good Afternoon,

As a full time engineer, and on-the-side entrepreneur and investor, the JOBS Act implementation has a direct impact on how I will continue to build my business and develop new technologies. I have taken the time to review the proposed JOBS Act rules developed by the SEC, and my comments are summarized below. I would encourage you to consider these comments as you refine and implement the JOBS Act in the near future.

In short, I would suggest that the SEC:

- Develop a less restrictive definition of 'Accredited Investor,' perhaps including individuals down to the US average income for the previous year.
- Reduce filing requirements for private equity funding rounds, as they are an undue burden on startup company resources.
- Simplify and standardize the disclosures required to potential investors.

I feel the definition of an 'accredited investor' as utilized by the SEC does a significant disservice to a majority of intelligent and financially stable Americans. A principal tenant of American culture is free market capitalism and the opportunity for financial and social mobility. Restricting the sources of available capital for businesses to only accredited investors is economic discrimination, which is unfair to both the middle class and businesses. I find the SEC rules regarding private equity financing and 'public fundraising,' to help implement the JOBS Act to be restrictive at best, and materially damaging and discriminatory at worst.

By all means, investors should be financially secure before they use funds to make investments. However, I would contend that individuals, not the government, are in the best position to determine how to use their own discretionary wealth. There are millions of individuals across the US that are financially secure, intelligent enough to understand the risks and rewards of business investments, and yet do not have \$200K dollars in annual income or \$1M in net worth exclusive of their home. These individuals will not be making the large investments that full time venture capitalists can afford to make, but they may have \$20, \$500, \$5000, or \$10000 dollars that they are able and willing to make investments in startups and growing SMBs. Investing in startups can become a small, but key component of an individuals investment portfolio, given the high-risk, high-reward profile of those investments.

The SEC allows most Americans to have a brokerage account or 401k, and invest in stocks and ETFs on the open market. It takes the same financial savvy to evaluate

firms for a stock purchase as it does before making a private equity investment. By limiting public fundraising for private equity, the SEC is in effect saying that if an individual is not an accredited investor, that individual is not intelligent enough to use their dollar wisely. Hundreds of years of free market capitalism in the United States refute that narrow minded interpretation by the SEC.

Also, I would encourage the SEC to reduce the reporting requirements as proposed, as they are a significant burden on startup resources. For example, searching through a 168 page request for comment from the SEC for the JOBS Act implementation is an undue burden to a part-time entrepreneur. I do feel that including standard disclosures regarding forward looking statements and the level of risk involved are reasonable and do not present an undue burden to startups.

I thank you for your time and consideration of these comments regarding the SEC rule making for the JOBS Act implementation. If you have any questions or would like clarification, please do not hesitate to contact me at [REDACTED] or [REDACTED].

Kind Regards,

Bob McGurk
Partner, Canalworks

[REDACTED]
[REDACTED]
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cc:
Senator Tom Carper
Senator Chris Coons
The Honorable John Carney
AngelList