

Ms. Elizabeth M. Murphy  
Secretary, Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

**Re: Comments on Proposed Rule: Amendments to Regulation D, Form D and Rule 156 under the Securities Act of 1933; Release Nos. 33-9416, 34-69960, IC-30595; File No. S7-06-13**

Dear Ms. Murphy:

Thank you for the opportunity to provide comments to the Securities and Exchange Commission (the "Commission") on its proposed amendments to Regulation D, Form D, and Rule 156 under the Securities Act of 1933 (the "Proposals").

Crowd Scholar is specializing in investor education. We believe that well-functioning financial markets, accessible to all, can expand opportunities to develop human and social capital, magnify productive investment, and dramatically improve global prosperity. Increasing access to sound educational information, expanding access to capital for American companies, and ensuring investor protection are essential in order to most effectively implement the Jumpstart Our Business Startups Act (the "JOBS Act") for both investors and entrepreneurs.

In the current proposals, funding portals are not required to provide investor education to accredited investors; however, various surveys and studies conducted by reputable investment institutions such as NASD and FINRA show that an individual's income and asset level does not guarantee the individual's level of knowledge in investment. Wealth alone does not necessarily make an individual a sophisticated investor. The GAO report also indicates that dollar thresholds have never been an accurate proxy for investor sophistication ("Alternative Criteria for Qualifying as an Accredited Investor Should Be Considered." GAO, July 18 2013). Additionally, Section 4(2) case law has never recognized wealth as a reliable indicator of investor sophistication.

Private placement or alternative investment is quite different from investing in the public stock market. Unfortunately, many investors, wealthy or not, are not aware of significant differences and associated risks. This proposal will lift the ban on general solicitations concerning Regulation D offerings, which would potentially create more jobs and bring prosperity to our country. However, it means privately-held companies can reach out directly to 8.7 million accredited investors in the US. According to the statistics, currently only 300,000 of them are involved in private placement investing; this means potentially 8.4 million novice accredited investors who are not currently involved in alternative investment opportunities will enter the private placement market after the lift. Even if only 15% of them actually enter the market, it will mean more than 1.3 million novice accredited investors entering a market in which they may not have any background.

Novice Regulation D investors with wealth could create unnecessary problems and confusions, and may create avoidable legal disputes. Regardless of level of wealth, we strongly believe that investors, particularly novice ones, need to be familiar with what to expect in private placement. Especially important is education concerning how to evaluate investment opportunities, rewards and risks, rights and obligations, and so on. We strongly urge that the Commission explore ways to provide the necessary education and knowledge before novice accredited investors commit to these exciting and rewarding but risky investment opportunities. One of the ways we suggest to mitigate the potential problems of

this new marketplace is through investor education recommendations by funding platforms. Funding platforms are in a position to recommend that investors take investment education—or at least a simple investment test—to certify that they are well prepared for entering into the risky but rewarding private placement (alternative investment) market. If investors fail to pass the test, platforms should strongly recommend that investors take investment education.

For that purpose, Crowd Scholar is putting together investor education materials and is creating an e-learning course package which applies to both accredited and non-accredited investors. We have assembled an advisory council composed of reputable experts from the crowdfunding and investment community and drafted a body of knowledge that is in process of being reviewed by the council.

Again, we stress the importance of investor education in order to most effectively implement the JOBS act.

We thank you very much for your consideration and for the opportunity to comment on your proposals.

Management team,  
Crowd Scholar