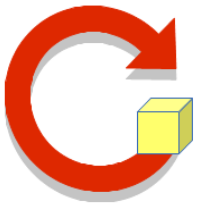

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November 15, 2014

To: Mary Jo White, Chair
Elizabeth M. Murphy, Secretary
Charles Kwon, Office of Chief Counsel,
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE, Washington, DC 20549-1090
CC: rule-comments@sec.gov

From: Jason Coombs, Co-Founder and CEO
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Re: Release No. 33-9416; Release No. 34-69960; Release No. IC-30595; File No. S7-06-13
JOBS Act legislation URL http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf

On November 13, 2014 my comment letter regarding the need for the Commission to repair a defect in its revised language and interpretive guidance relating to Rule 144 prohibitions that impact startups and former "shell" companies, as well as any company that at any time previously had "nominal" non-cash assets and "nominal" operations, urged the SEC to fix this defect as part of the final JOBS Act Rules.

See: http://www.sec.gov/comments/s7-06-13/s70613-599.pdf

This comment letter also pertains to Rule 144, and specifically to the appropriate and constructive role that Rule 144 should serve in fostering a healthy secondary market for shares of a startup company. In my opinion, the Commission should be regulating with the intent of creating a constructive, reasonable marketplace in which issuers are just as free to issue securities and investors are just as free to buy and sell them as everyone is already free to create and to trade in Bitcoin or any other new cryptocurrency.

Anyone can create a new cryptocurrency. There is plenty of free and open source software that anyone can use to start a new cryptocurrency, and blockchain-based cryptocurrency like Bitcoin is only one of the choices available for people who don't wish to build their own new digital currency cryptosystem.

See: http://www.fastcolabs.com/3025700/how-to-create-your-own-cryptocurrency

There are also cryptocurrency hosting services that allow people to launch new cryptocurrencies in a matter of minutes, without needing to learn anything about how the cryptocurrency technology works.

Obviously, clearly, cryptocurrency technology shows us the future of all financial securities and issuers. The definition of "issuer" today revolves around promises to investors that if they buy securities issued by the issuer that they will share equitably and materially in the future financial gain (or losses) created by the issuer. The SEC has declared that cryptocurrency might be deemed a "security" based on facts and circumstances in each instance, but that if the cryptocurrency is not being offered as a security then the fact that it may be created, issued and verified technically by a single party does not cause the issuer of the cryptocurrency to be deemed an "issuer" of securities. One of the practical implications of being an "issuer" of securities rather than an issuer of cryptocurrency is that anyone who buys directly from an issuer must "qualify" as a buyer (e.g. an "Accredited" investor, or pursuant to JOBS Act Rules) or the buyer must legitimately be "friends and family" of the securities issuer. Another key difference is

the requirement for the direct buyers to comply with Rule 144 and/or Rule 145 prior to future resales of the securities in the public secondary market. Issuers of cryptocurrency can create their own self-hosted or cloud-hosted public secondary market, whereas "issuers" of "securities" must (currently) rely on the existing public financial markets created by brokers, exchanges and alternative trading systems (ATS).

See: http://www.sec.gov/info/smallbus/secg/rules144-145-secg.htm

The Securities Act generally requires all sales of securities to be registered, unless the transaction is exempt. A sale of securities by anyone who is not an issuer, underwriter, or dealer is exempt from registration. Although the Securities Act defines "underwriter" to include those who acquire securities from the issuer with a view to distribution, the determination of when securities are acquired "with a view to distribution" is a fact-sensitive inquiry. To provide market participants with greater certainty, Rule 144 of the Securities Act provides a non-exclusive safe-harbor from being treated as an "underwriter": if a sale of securities meets all applicable Rule 144 requirements, the person selling the securities is deemed not to be an underwriter, making the transaction exempt from the Securities Act's registration requirements.

To make sure that the Commission and state securities regulators possessed as much political power as possible to bring civil lawsuits against anyone selling or reselling unregistered securities, the old Rules and Regulations prior to February 15, 2008 included a "presumption" that any person who resells any unregistered securities into the public secondary markets is an "underwriter" or "dealer" if they are not the "issuer" of the securities (including "control" persons who have the power to issue the securities). As of February 15, 2008 the Commission eliminated the presumptive underwriter prohibition on resale.

See: http://www.sec.gov/rules/final/2007/33-8869.pdf

"The presumptive underwriter provision in Rule 145 is no longer necessary in most circumstances. However, based on our experience with transactions involving shell companies that have resulted in abusive sales of securities, we believe that there continues to be a need to apply the presumptive underwriter provision to reporting ***and non-reporting shell companies*** [emphasis added] and their affiliates and promoters. We are amending Rule 145 to eliminate the presumptive underwriter provision except when a party to the Rule 145(a) transaction is a shell company." (see page 54 of new Rule 144)

The Over The Counter markets can and should become the primary trading venue for cryptocurrencies. I strongly believe the JOBS Act final Rules can and should encourage this just by eliminating barriers.

See: http://www.sec.gov/divisions/marketreg/mrotc.shtml

Assuming the SEC will not take my prior advice reiterated in my comment letters multiple times, to tell Congress **it is incapable of doing anything useful for anyone any longer and to dissolve itself**, the difference between being an "issuer" of "securities" and being an issuer of cryptocurrency will remain important indefinitely into the future. Nobody wants to be sent a federal subpoena or be threatened with prison for honestly attempting to launch and grow a startup company with help from financial backers. Under the current system of regulation promulgated by the SEC's politics and Rulemaking processes or mandated by statute, "issuers" of "securities" are expected to ensure that only legitimate investors who are providing financial support to legitimate and lawful economic activity purchase the securities. Rule 144 and Rule 145 do not apply at all to, and there are no restrictions of any kind on sales or resales of, cryptocurrency. In my opinion, many startups who were meant to be helped by the SEC with capital formation support starting in 2012 by JOBS Act Rules are simply going to tell the SEC to take a hike, and they are going to sell cryptocurrency to "backers" instead of selling securities to "investors" just to ensure that the Commission has no authority to harass and extort money or control behavior of issuers.

The Commission's past incompetency and corruption are continuing to be an existential threat to it, and to the extent the SEC fails to do what it was instructed to do by Congress to deregulate securities offers and sales to the general public by startups so that people can locate capital and investors can invest in securities issued by startups without incomprehensible obscure restrictions that do not exist for issuers and buyers of cryptocurrencies, it is my sincere opinion **the SEC will disappear from the face of the Earth**. Nobody will issue securities in the future, and nobody will buy them, when cryptocurrencies offer near-zero-cost mechanism to accomplish almost the same thing that "securities" do in most cases.

None of the "blockchain" features and "mining" operations of Bitcoin are required in order to create a new cryptocurrency. An issuer of cryptocurrency is simply issuing bits that can be verified using that particular cryptocurrency's chosen algorithm. Issuers can set the price at which they are willing to sell newly-issued bits, and anyone who already owns previously-issued bits can resell their bits to a new owner by virtue of private property rights. The fact that data can be owned and resold now without any securities regulation applying to the transactions (unless there are investment promises being made) is the alternative cyber finance marketplace that many supporters of cryptocurrency believe will replace the Securities and Exchange Commission entirely at some point. Just as a sovereign government issues fiat currency which people rely on to hold value with no guarantee that it will ever be a useful store of value to meet their needs, each person or company is a sovereign with the right to issue cryptocurrency that people are free to rely on for any purpose they choose. "In Cryptocurrency We Trust" can in fact replace "In God We Trust" for the future of the global financial system, and the SEC is painting itself into a corner where its outrageous misconduct, incompetency and its political deceptions are causing people to stay away from the securities markets. This is not in keeping with a core mission of the SEC: to protect the market for securities. The only way for the SEC to remain relevant and to have anything at all to regulate in the future is to enact final JOBS Act Rules that empower everyone to offer and issue securities to anyone, anywhere, at "nominal" issuer cost and without presumptions of guilt for doing so.

Rule 144 and Rule 145 play a central role in the current system which as of 2007 represented estimated 121,000 hours of work annually as 60,500 times per year a Form 144 was filed based on OMB metrics. There is currently no other way for restrictions to be lifted on previously-issued restricted securities, so the Commission routinely brings enforcement actions against people who use fraudulent legal opinions to deceive transfer agents and others into issuing free-trading securities that are resold illegally. I have personally encountered several situations in which attempts were made by others to rely on fraudulent Rule 144 legal opinions and the attempts may have succeeded if not for my whistleblower reports. The SEC should not have created a system of securities regulation in which people are required to spy on each other and blow the whistle on technical rule violations in order to stop fraud from occurring. It is counterproductive to business development in startups for anyone to ever fight over subjective political decisions made by issuers, or for interpretation of the meaning and intent of regulations to be subject to "shopping around" for a securities lawyer who is willing to issue unethical or fraudulent legal opinions.

Something must be done to make the final JOBS Act Rules less subjective and less costly. Just revising Rule 144 so that **ALL** unregistered securities are automatically eligible for resale to the general public based on an objective metric, rather than based on a subjective legal opinion, would make a big impact on the continued viability of the securities market which is faced with new cryptocurrency competition.

I suggest something like the following:

1. The final JOBS Act Rules, including for Title II general solicitation and general advertising and sales of unregistered securities to Accredited investors, should clearly grant anyone who has held securities for 24 months to resell to the general public with a new JOBS Act "safe harbor" that preempts Rule 144

2. Proof of 24-month holding period should be based on the date the securities were first issued, not on a Rule 144 “holding period” legal interpretation like that which ordinarily would require legal opinions

3. Every security that has ever been issued previously should be eligible for the JOBS Act “safe harbor”

4. The JOBS Act “safe harbor” should be available for any security whose issuer is producing revenue

5. Eligibility for JOBS act “safe harbor” should be determined objectively by the broker through which the securities are offered for sale by the seller, and the objective verification of revenue should consist of the same “reasonable steps” already required under Rule 506(c) for Accredited investor verification

When Rule 144 is abused for fraudulent purposes, it generally results in resales of securities issued by companies that are not growing and the buyers are misinformed about the prospects of future growth in value of the issuer and its securities. If a broker takes “reasonable steps” to verify that the issuer is in fact producing revenue, then a market value derived from the revenue being produced must be allowed to be discovered in the normal free market fashion by buyers and sellers and market makers balancing supply and demand for the securities. Honest brokers will report suspicious activity, including instances in which there appears to be information being disseminated publicly that does not appear consistent with what the brokers' “reasonable steps” indicated to them was the true amount of issuers' revenues.

When Rule 144 is not abused, it generally results in resales by direct investors, employees and others who are the source of the revenue or some other fundamental value of the issuer. These resales permit the seller to realize liquidity today for assets that are, ideally, increasing in value thanks to the capital provided or the other value contributed directly to the issuer by the party who is proposing to resell the unregistered securities. **THIS IS THE PROPER FUNCTION OF THE FINANCIAL MARKETS, TO ENABLE HONEST PEOPLE WHO ARE CREATING LASTING VALUE AND GROWTH TO ACHIEVE LIQUIDITY TODAY BY EXCHANGING SECURITIES FOR OTHER VALUE.**

The SEC simply must take this opportunity through its JOBS Act Rulemaking to restore this proper function as the core purpose of the securities market. If it does so, millions of new startups will appear, as millions of people from around the world allocate their limited financial resources to the American financial markets because the fraud and corruption inherent in the current system will be eliminated. The JOBS Act Rules which deregulate unregistered securities offers and sales can introduce a formal mechanism and “safe harbor” for ATS trading of “issuer” cryptocurrencies, as obviously cyber finance innovations are enabling issuers to create and share anything, tangible or intangible that appears useful.

See: http://www.sec.gov/comments/sr-finra-2014-030/finra2014030-1.pdf

The Over The Counter market, and any SEC-approved ATS, plus the hundreds of thousands of licensed financial industry professionals and brokers in America, must be allowed to help issuers of all kinds. In my view, the SEC will cease to exist in the future if it does not adapt to the sea change of cyber finance.

See: http://www.otcmarkets.com/stock/OTCM/news?id=56740

Mr. Coulson was credited for shedding some “much-needed sunshine” on the OTC market since he took over the National Quotation Bureau, the publisher of the Pink Sheets, in 1997. He was also recognized for his role in getting OTC Markets’ trading system approved as an SEC-registered alternative trading system, “which will allow greater transparency and efficiency in the company’s quotations,” and for separating the OTC markets into three tiered marketplaces – OTCQX®, OTCQB® and OTC Pink® – based on the quality and availability of information companies provide their investors. The publication also quoted Mr. Coulson discussing the Jumpstart Our Business Startups (JOBS) Act recently signed into law by President Obama, which he said could lead to more US companies using OTC Markets since it doesn't require SEC registration