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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

Since the astonishing events of two years ago, which culminated in the resignation in protest of former SEC Chair Mary Schapiro who, remember, resigned her position rather than comply with the JOBS Act legislation which required the SEC to open the door to general solicitation and general advertising of unregistered securities by everyone to everyone, within reason and to a limited amount of investment per annum for non-Accredited investors, I have read every single Common Letter submitted to the Commission in connection with the JOBS Act rulemaking process. I have explicitly replied to several.

The number of unanswerable questions through all of this regulatory procedure and ongoing debate is relatively small. Every material problem, concern or barrier to effective regulation can apparently be solved by the Commission with well-thought-out Rules which begin the way that the proposed Rules begin: by strongly asserting that the people of this nation have a constitutionally-protected right to do what the JOBS Act explicitly restores the right to do, namely to speak publicly about a need for startup capital in order to participate publicly in society and to form new economic (investment) relationships.

One of the unanswerable questions that is of special concern to me is how the Commission plans to protect investors' personal confidential information in a Regulation D, Rule 506(c) Offering, if we are required to disclose such information to anyone, either one time or on a periodic basis, in order to prove that we are wealthy enough to qualify as an “Accredited” investor. Everyone knows, or should know, that there is currently no way to protect digital information from theft or disclosure because it is not possible today for anyone to know what software might be executing on compute devices, or where the software came from, or what the software is actually doing that might cause harm or result in data theft.

If the Commission requires me to disclose my personal confidential information to a third-party, even a trusted attorney or accountant, and that third-party stores my information in a computer system along with other information from other Accredited investors, that computer system will become a high-value target for malicious computer hackers and cyber criminals or other intruders. This cannot be tolerated.

If the Commission requires me to pay somebody to look at my personal financial information, and then to attest to the fact that they looked at it (but made no copies and retained no copies) and that what they saw convinced them that I am an “Accredited” investor then how will the Commission, or anyone, even the person who provided the sworn testimony affirming my eligibility as an “Accredited” investor, ever find out later why they believed that I was one? How will the SEC verify regulatory compliance after the fact unless copies of my sensitive data are retained by the issuer and/or the accrediting third-party?

In Comment Letter dated November 7, 2013, William Francis Galvin, Secretary of the Commonwealth of Massachusetts, said that the chief securities regulator for Massachusetts (and his adjunct regulators) are "disturbed" and "alarmed" about "**a change that will bring high-risk offerings into a the retail market**" [sic]. Mr. Galvin further wrote "we are dismayed" and urged the SEC to threaten harsh and substantive punishments for anyone who violates the JOBS Act Rules, and to "create strong incentives" for compliance therewith, including "issuers must collect basic objective information to assure that investors are actually accredited." See: http://www.sec.gov/comments/s7-06-13/s70613-472.pdf

I do not believe it is possible for the Commission to craft such a regulatory requirement that does not result in issuers retaining sensitive confidential personal information about their Accredited investors. The more the Commission obeys Mr. Galvin's hysterical demands, the more we absolutely guarantee that Accredited investors will have their personal confidential information stolen by cyber hackers.

If the Commission does decide to comply with every one of Mr. Galvin's demands then I think that Mr. Galvin himself should become personally liable in perpetuity for all future harm that comes from his demands. I will personally be filing a lawsuit against Mr. Galvin for infringing my constitutional rights in any case, and invite others to do the same until people like Mr. Galvin are no longer involved in the regulation of securities in the United States of America. His actions have been even more outrageous than those of Mary Schapiro, and it is a very sad testament to the fact that nobody is paying attention to what's happening in our states' governments that people like Mr. Galvin are still regulating anything.

Raising the threshold for "Accredited" investor status **DOES SEEM LIKE A GOOD IDEA** provided that NO COPIES OF ANY PERSONAL CONFIDENTIAL INFORMATION BE RETAINED BY ANY ISSUER OR ANY THIRD-PARTY WHO VERIFIES INVESTORS' ACCREDITED STATUS. Just like the Payment Card Industry (PCI) has adopted a Data Security Standard (DSS) which requires standards of practice (which are better than nothing but obviously are not an actual solution to the problem!) it is my belief that the SEC has a duty to adopt an industry DSS to protect buyers of unregistered securities.

See: http://en.wikipedia.org/wiki/Payment_Card_Industry_Data_Security_Standard
See Also: https://www.pcisecuritystandards.org/

Raising the threshold for "Accredited" investor will also put a stop to the silly shadow banking that the lesser of the "Accredited" investors who call themselves "Angel" investors insist on doing presently. It is clearly a systemic risk for such people, marginal people, of uncertain means and sophistication, to be permitted to invest alongside actual "Accredited" investors. If we're going to pretend that some people are more valuable than others and perpetuate the myth that the only source of wealth is a bank account balance then by all means the Commission should make it a "bright line" test – either you are verifiable as a multimillionaire or you're still just a potential welfare case like all the other non-Accredited serfs.

If the Commission enacts a final Rule for Regulation A+ (Title IV of the JOBS Act) that PreEmpts the state securities regulators, such as Mr. Galvin from Massachussets, then it would seem very appropriate to me for the combined set of final Rules to include raising the threshold for Accredited investor status. This combined set of final Rules, Title IV "qualified" public Offerings that are open to everyone who is deemed a "qualified" buyer, plus Title III "crowdfunding exemption" securities Offerings that are open to everyone who joins a "funding portal" and holds securities that are analogous to shares held in brokerage "street name" and thus these Title III shares do not count toward Section 12(g) mandatory registration threshold for the issuer, plus Title II "Accredited" Rule 506(c) Offerings that are limited to Accredited investors only, would seem to me to be a very fine and viable JOBS Act regulatory regime.

Finally I would like to say that Rep. Amodei from Nevada has missed the point entirely when asserting that "Angel" investors were meant to be "saved" by the JOBS Act. The exempt market for unregistered securities is $1 Trillion per year, while "Angels" account for only $25B of this market! We ***do not*** need "Angel" investors to fund more startups! See: http://www.sec.gov/comments/s7-06-13/s70613-527.pdf