



PUBLIC STARTUP COMPANY, INC.

<https://www.publicstartup.com>

2360 Corporate Circle, Suite 400
Henderson, NV 89074-7739

July 24, 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

From: Jason Coombs, Co-Founder and CEO
Public Startup Company, Inc.

<http://twitter.com/JasonCoombsCEO>

<http://JOBS-ACT.com/Coombs.Jason>

<http://facebook.com/publicstartup/info>

<http://linkedin.com/in/jasoncoombs>

<http://facebook.com/JasonCoombsCEO>

CC: rule-comments@sec.gov

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>

In my letter dated July 10, 2014 my strong opinion about how broken the “Accredited” investing “Angel” capital ecosystem is, and how it is harming, rather than helping, startups in America, was communicated emphatically:

“The low rate of participation in “Angel” investing by Accredited investors is a national disgrace. Angel investing is an abysmal failure. I believe it should be stopped.” (yes, I'm quoting myself, and I don't care how it looks – if nobody else will speak the truth here then there's nobody else to quote.)

See: <http://www.sec.gov/comments/s7-06-13/s70613-555.pdf>

I want to point out a problem with every comment letter that has expressed opposition to raising of the Accredited investor thresholds. **None of the commenters who are opposed to the revision seem to be doing any forward-thinking about what the future might bring after the final JOBS Act Rules go into effect.** This is symptomatic of the problem with the Accredited buyer market that exists today for unregistered securities issued by startups: few Accredited investors are willing or able to imagine the future in detail, so not very many investors invest in startups that do not have traction and revenue.

If a startup is already generating revenue, there's no good reason for the startup to refuse to prove this with reliable financial statements that can at least be verified by letting investors look at the startup's bank statements and other reasonable evidence of cash flow from satisfied customers. There is nothing wrong with insisting that revenue-generating startups supply such disclosures to would-be investors, Accredited or otherwise, exactly the way that the proposed Title III and Title IV Rules will require.

The core problem with the comment letters submitted in opposition to the revision of the Accredited investor definition is that nobody should be investing in startup companies without basic disclosures, unless the investors are friends and family of the issuer. Startups that are just getting off the ground must give disclosures about who the people are behind the company, what they imagine trying to create in the future that will benefit the investors, and why the investors should believe that the people behind the venture are willing and able to protect the value of the securities competently for investors' benefit.

Accredited investors do have the special right to invest with no disclosures, but rarely does anyone do so in practice. Even the first \$100,000.00 check written to Google, Inc. in 1998 was invested after Andy Bechtolsheim saw compelling disclosures about what the business would be and who its founders were.

See: https://en.wikipedia.org/wiki/History_of_Google#Financing_and_initial_public_offering

I strongly believe that the future of startup investing will look like Kickstarter campaigns look today, in the form of new JOBS Act-compliant general solicitations which “preempt” state securities regulations. The SEC must ignore the nay-sayers and critics who are refusing to accept profoundly-positive change.