

PFeiginLaw LLC
PHILIP A. FEIGIN
Attorney at Law
Morrison, Colorado



By Email: <rule-comments@sec.gov>
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Sirs:

Re: File Number S7-08-19

I write from the perspective of a former state securities regulator (20 years) and a private securities law practitioner (18 years), now retired. With regard to your “harmonization” of securities registration exemptions release, I have a few general comments and questions on the subject that do not fit neatly into specific questions you posed.

My comments and questions pertain to what I will describe as “consumer level” private placement offerings, perhaps those with a minimum unit price of \$25,000 or less and maximum offering amounts of \$25 million, plus Rule 504 and Regulation CF offerings. You have gathered an enormous body of information as to how much has been raised under each of this array of exemptions available and seem to base the success or failure of each solely on the amount issuers raised. If the SEC is truly the advocate for investors, as it often portrays itself, it appears to me that one crucial set of facts has been ignored all but completely.

- Have the investors in these private placements received *any* return on their investment?
- Have they been made whole?
- Have they made a profit?
- Has there been any analysis to determine which, if any, of the companies raising the funds in reliance on these exemptions are even still in business?

The SEC has (or should have) every Form D and CF ever filed. How difficult would it be to take a strong sampling of the Forms filed within the last five years for consumer level offerings to determine if the issuers even remain in business? This could be determined by accessing state secretaries of state records? That alone may be telling. Perhaps there are other methodologies available to the SEC that would provide at least reliable indications if investors have simply been throwing their money away on such offerings? Without any secondary market reporting, it is

impossible to determine if “consumer level” private placement investing is not doing as much harm to investors and the economy as are Ponzi schemes and other investment frauds.

I am not suggesting that the SEC get into the business of determining which offering is more promising than another. The only data presented by the SEC for private placements is how much money went in, not how much came out. Is it not irresponsible of the SEC to make it even easier to raise money in reliance on this or that exemption, or to whom such offerings may be made, or to increase the maximum amount that can be raised, if the fact is that a vast majority of consumer level investors have received minimal to no return on their investments in the first place?

I do not know the answers to these questions. That is unimportant. I submit that the SEC does not know the answers either, and that is a significant concern.

The lore is that small business is the engine of the American economy. Let us assume for these purposes that is so. At least some of the “fuel” for that “engine” is the consumer level investor. If the facts prove that a lot, if not most, of that “fuel” is being wasted, at significant loss to both the investors and the better uses to which it might be put, I believe strongly that the national policies on the means of accessing that valuable resource must be reconsidered, particularly before thoughts of expanding and easing the rules are contemplated.

Respectfully,

/s/

Philip A. Feigin