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February 2, 2014

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

RE: The JOBS Act, Title III – Section B ISSUER REQUIREMENTS - File No. S7-09-13

Dear Ms. Murphy,

On behalf of Traklight, an early-stage Arizona software company with products to identify and protect intellectual property, I am pleased to provide comments on the proposed rules for Title III of the JOBS Act. We would like to commend the SEC on producing flexible and comprehensive proposed rules that make good use of the technology available and, in many cases, will facilitate the growth of the crowdfunding industry.

As a an entrepreneur, a professional accountant and a law school graduate with over thirty years of business experience, I recognize the difficulties associated with balancing investor protection and access to deal flow with issuer access to capital. Traklight's mission is to educate and empower entrepreneurs and businesses on intellectual property and innovation fo their success. We are providing our suggestions below with a view to reduce the costs to issuers while still balancing investor's needs for protection.

We also appreciate the expanded use of the EDGAR system for filing and reporting using the Form C. Creating a new and therefore unfamiliar system would increase the burden on issuers.

Please find below our comments on the questions in Section B Issuer Requirements:

19. What specific risks do investors face with "idea-only" companies and ventures? Please explain. Do the proposed rules provide sufficient protection against the inherent risks of such ventures? Why or why not?

"Idea-only" companies and ventures will be very difficult to evaluate for even the sophisticated investor. Specifically, the lack of a track record with a particular product or service and the absence of financial statements will make the valuation and projections very risky. The proposed rules need to increase the amount of information with respect to the required "description of the business" as outlined below for all companies.

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20. Does the exclusion of issuers that do not have a specific idea or business plan from eligibility to rely on Section 4(a)(6) strike the appropriate balance between the funding needs of small issuers and the information requirements of the crowd? Why or why not? Are there other approaches that would strike a better balance among those considerations? If the proposed approach is appropriate, should we define "specific business plan" or what criteria could be used to identify them? How would any such criteria comport with the disclosure obligations described in Section II.B.1.a.i.(b) (description of the business) below?

Issuers that do not have a specific idea or a written business plan must be excluded because the investors need some information to make a decision. A "specific business plan" definition, minimum items for inclusion and items to exclude by way of an example would be helpful as education to issuers, particularly first-time entrepreneurs.

We are concerned about explaining why certain items should be excluded and advocate for limited public disclosure rather than a full business plan. Releasing too much detail to the public may risk the issuers' unprotected intellectual property. Specifically with respect to patents, releasing information on products or inventions that is too detailed may trigger an enabling public disclosure and adversely impact global patent rights.

22. Rule 306 of Regulation S-T requires that all electronic filings made with the Commission, including the filings that would be required under the proposed rules, be in English. Some startups and small businesses, and their potential investors, may principally communicate in a language other than English. Should we amend Rule 306 to permit filings by issuers under the proposed rules to be filed in the other language? Why or why not? If we retain the requirement to make filings only in English, will this impose a disproportionate burden on issuers and potential investors who principally communicate in a language other than English? What will be the impact on capital formation for such issuers?

We do not believe that Rule 306 of Regulation S-T should be amended to permit filings in any other language. English is the business language for the US. If filings are done in any other language other than English that would require English-speaking issuers and potential investors to translate the non-English filings, placin an additional burden on those issuers.

29. Are these proposed disclosure requirements appropriate? Why or why not? Should we require any additional disclosures? Should we prescribe specific disclosure requirements about the business of the issuer and the anticipated business plan of the issuer or provide a non-exclusive list of the types of information an issuer should consider disclosing? Why or why not? If so, what specific disclosures about the issuer's business or business plans should we require or include in a non-exclusive list? For example, should we explicitly require issuers to describe any material contracts of the

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issuer, any material litigation or any outstanding court order or judgment affecting the issuer or its property? Why or why not?

We have grave concerns about any public disclosure when issuers may not have properly identified and adequately protected all intellectual property: trademarks, copyrights, trade secrets and patents. We recommend that warnings be provided to issuers and in addition, advocate for issuer education on IP identification, protection, innovation capture and disclosure of the same.

Educating issuers with a non-exhaustive list of potential public disclosures would be helpful to improving the quality of deal flow for investors.

32. Under what circumstances, if any, should an issuer be required to update the use of proceeds disclosures?

Clear guidelines should be given for issuers to update the use of proceeds disclosure with some defined standard of material deviations only.

56. Should we require some or all issuers also to provide financial statements for interim periods, such as quarterly or semi-annually? Why or why not? If so, which issuers and why? Should we require these financial statements to be subject to public accountant or auditor involvement? If so, what level of involvement is appropriate?

Annual financial statements should be adequate for investors. If quarterly or semi-annual statements are required, they should not be subject to review or audit because this will place an undue cost and time burden o issuers for ongoing disclosure.

Financial Statement Attestation (questions below grouped and answered together)

58. The proposed rules would require issuers offering $100,000 or less to provide financial statements that are certified by the principal executive officer to be true and complete in all material respects. Should we require issuers offering more than $100,000, but not more than $500,000, and/or issuers offering more than $500,000 to provide financial statements that are certified by the principal executive officer to be true and complete in all material respects? Why or why not?

63. As proposed, an issuer with a target offering amount greater than $100,000, but not more than $500,000, would be required to file with the Commission, provide to investors and the relevant intermediary and make available to potential investors financial statements reviewed by an independent public accountant in accordance with the review standards issued by the AICPA. Is this standard appropriate, or should we use a different standard? Why or why not? If so, what standard and why? Alternatively, should we create a new review standard for purposes of Section 4(a)(6)? If so, what would be an appropriate standard and why would it be more appropriate than the one proposed? What costs would be involved for companies and accountants

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in complying with a new review standard? How should the Commission administer and enforce a different standard?

64. Section 4A(b)(1)(D)(iii) requires audited financial statements for offerings of more than $500,000 "or such other amount as the Commission may establish, by rule." Should we increase the offering amount for which audited financial statements would be required? If so, to what amount (e.g.,$600,000, $750,000, etc.)? Please provide a basis for any amount suggested. Should we identify additional criteria other than the *offering amount, as one commenter suggested, (fn204) that could be used to determine when to require an issuer to provide audited financial statements? If so, what should those criteria be?*

67. As proposed, an issuer with a target offering amount greater than $500,000 could select between the auditing standards issued by the AICPA or the PCAOB. Should we instead mandate one of the two standards? If so, which standard and why? Alternatively, should we create a new audit standard for purposes of Section 4(a)(6)? If so, what would be an appropriate standard? What costs would be involved for companies and auditors in complying with a new audit standard?

86. Should we require that reviewed or audited financial statements be provided only if the total assets of the issuer at the last day of its fiscal year exceeded a specified amount, as one commenter suggested? (fn232) Why or why not? If so, what level of total assets would be appropriate (e.g.,$1 million, $10 million, or some other amount)? Are there other criteria (other than total assets) that we should consider? Please explain.

The review and audit costs are a significant barrier for companies before a capital raise. Audit costs have been cited as low as $5K and as high as $20K for a startup. Review costs are estimated at about 60% of audits. In addition to the external fees paid to the licensed CPA, there are internal personnel costs to prepare for an audit or review and an opportunity cost of lost time.

The total cost of crowdfunding capital has been estimated at 15% to 20% of a raise if seeking more than $100K. Much of the costs are upfront and issuers will incur the review/audit costs plus valuation and other third party services before any raise and regardless of success.

Consideration should be given to some alternative criteria for self-certification, review and audit. Instead of using the offering amount as a basis, the criteria could include the following:

- Revenue
- Capitalization
- Total Asset test
- Exemption for companies with nil balance sheets.

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We recommend that the above create a series of exemptions from the review and audit requirements before a raise.

Further, continuing to require an ongoing full financial statement review or an audit until the securities are retired greatly increases the cost of capital and may deter issuers from crowdfunding.

We do not agree with creating a new standard of review o audit. Instead of pre-raise and ongoing financial statement reviews or audits, we instead recommend a limited review engagement on only the use of proceeds after the raise.

This type of focused review on actual expenditures versus planned will give the investors the information on how their money is being used. A limited review on the use of proceeds will be less costly than a full financial statement review or audit and reduce the cost of capital for issuers.

68. Should we require that all audits be conducted by PCAOB-registered firms? Why or why not?

The external and internal costs as described above create a significant burden for issuers because they will have to hire a firm independent of the firm that is preparing their financial statements for attestation. Imposing a PCAOB-registration requirement will increase the costs of the review or audit without additional value to investors.

70. As proposed, an issuer receiving an adverse audit opinion or disclaimer of opinion would not satisfy its requirement to file with the Commission, provide to investors and the relevant intermediary and make available to potential investors audited financial statements. Should an issuer receiving a qualified audit opinion be deemed to have satisfied this requirement? Should certain qualifications (e.g.,non-compliance with U.S. GAAP) result in the financial statements not satisfying the requirement to provide audited financial statements while other types of qualifications would be acceptable? If so, which qualifications would be acceptable and why?

Given the likelihood that early stage companies will struggle to adhere to GAAP or have adequate capitalization, reasonable qualifications should be allowed. For example, a going concern note will be inevitable and likely difficult for investors and issuers alike to understand. This is an area where issuer and investor education is critical.

80. Should we require ongoing annual reports, as proposed? Why or why not? Should we require ongoing reporting more frequently than annually? Why or why not? If so, how often (e.g.,semi-annually or quarterly)?

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Ongoing annual reports should be adequate. Again, a continued full financial statement review or audit should be amended to be a limited review engagement on the use of proceeds based on raises over $100K.

82. Should we require that the annual reports be provided to investors by posting the reports on the issuer's Web site and filing them on EDGAR, as proposed? Should we require issuers also to directly notify investors of the availability of the annual report, such as by email or other electronic means? Should we instead require issuers to deliver the annual reports directly to investors? If so, should we specify the method of delivery (e.g.,email or other electronic means, U.S. mail or some other method)? Would investors have an electronic relationship with the issuer after the offering terminates? If not, how would an issuer notify or deliver a copy of the annual report to the investor? Would issuers continue to have an ongoing relationship with intermediaries once the offering is completed? If so, should we also require that the issuer post its annual report on the intermediary's platform? Why or why not?

Annual reports should be available on EDGAR, the issuers' website for investors, intermediaries, or a third party provider could provide this service. The costs of producing, printing and using the U.S. mail would place an undue burden on issuers.

Thank you for your consideration and the opportunity to comment. I am available to further discuss our comments at your convenience.

Sincerely,

Mary Juetten
Founder & CEO

[redacted]