

Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE,
Washington, DC 20549-1090

COMMENT ON SEC PROPOSAL
FOR

JOBS

Jumpstart Our Business Startups

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COMMENT ON SEC PROPOSAL FOR JOBS Jumpstart Our Business Startups

585 pages.

I was determined to read the proposed securities rules for crowdfunding under “Jumpstart Our Business Startups.”

And then the news broke- Ubuntu Edge did not meet its goal of \$30 million dollars so it was returning all of the over \$12 million dollars it did raise through Indiegogo’s Crowdfunding platform. And then it was reported a 9-11 Twin Tower conspiratist crashed the post-Super Bowl press conference. I chuckled. I had completed reading the 585 page proposal for SEC rulings addressing Crowdfunding. And I had made these notes, amongst others:

- 1- Ubuntu Edge has to return all of the over \$12 million it crowdfunded through Indiegogo. Note to self- saw nothing in the 5858 proposed regs addressing Crowdfunders returning monies after having failed to reach their goal [<http://www.zdnet.com/ubuntu-edge-smartphone-sets-crowdfunding-record-but-still-20m-short-of-target-7000019487/>] Well, not quite. According to ZDNET, “Initially backers needed to pledge up to \$830 to get a phone but Canonical later lowered the price to \$695 and said it would refund anyone who paid over that amount for a handset.” It seems all the money may not be going back to “investors.” Except.....
- 2- 9-11 Twin Tower conspiracy theorists strike again. Any c-span listener can tell of the countless times this co-ordinated group accesses morning conversations under the guise of contributing to the theme when their coordinated goal is to get “media brags” to fundraise off of. And this was in a public place with security where the Press Conference crasher can be seen from a mile away coming. How the (&@#& blazes is the SEC going to ramp up their security for Crowdfunders when the “Crashers” aka “hackers” cant be seen coming or going... Target, anyone?
[<http://www.frequency.com/video/identified-mvp-super-bowl-911-truther/147491770/-/5-2514495>]

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By page 378, I opted for an alternative route to my quest. “Keywords.” I knew the words that hold my interest these days. for starters.

In an IOT, Internet of Everything world, there are things, like these Keywords which are, well, not only important to Content creators but also obvious choices to Search for. I didn’t see these words. I did the next best quicker “search” thing. I “Hit” Ctrl then F and entered those words I was looking for. The “Search” requests came up “0 for 0” “Hits.

Copyright

Patent

Trademark

Infringement

Spam

Hack

Fair Use

Safe Harbor

Crowdfunding

I began by looking for definitions of “Crowdfunding” knowing that Crowdfunding is an age old idea as is car-sharing even in DC. The New York Avenue Church in Downtown DC was “crowdfunded” with bricks and dollars. Hitching a ride on the back of a wagon from Mount Vernon to the City of Washington was “car sharing,” more correctly at that time, mule and wagon sharing. The Better Business Bureau gives a good one....

The Better Business Bureau warned “Crowdfunding billed as “investments” are under scrutiny and, in some cases, may be illegal...” It continues “Crowdfunding isn’t an investment in the traditional sense. Unless it is specifically stated, you don’t own a piece of the business, invention or project. Consider your funds a donation.

[<http://www.bbb.org/blog/2013/06/crowdfunding-sites-grapple-with-fraud/#sthash.QrSYJU9t.dpuf>]

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Note to self? The SEC is going to regulate “Donations?” Gimme a break.....

And then the Better Business Bureau went on and said in one line what the SEC’s Proposed Manifesto did not say in 585 pages, “There are also risks for creators, as ideas posted online can easily be copied.”

[<http://www.bbb.org/blog/2013/06/crowdfunding-sites-grapple-with-fraud/#sthash.QrSYJU9t.dpuf>]

The SEC is about Brokers and Advisors and defending the Bro’s Club. It is NOT about Enforcement and education on all levels of law enforcement that have involvement on local doorsteps or at border crossings or with foreign shores on this rapidly descending pit of potential deceit. The SEC is not about protecting Retail Investors, 100% transparency for Investors, justice for wronged investors by bad brokers.

Crowdfunding is about Content and Creators and Rights to own and profit from one’s own Intellectual Property. Investing should be about making informed decisions.

The SEC is not about clear communication. If it was, the SEC would not have violated their own obligation to The Plain Writing Communication Act of 2010.

The 585 page Manifesto flies in the face of President Obama’s Executive Order.

President Obama’s, Plain Writing Act of 2010, was signed in to law, October 13, 2010. Subtitled, The Plain Language Law, it requires federal agencies to use “clear Government communication that the public can understand and use.” January 18, 2011, President Obama issued Executive Order, “E.O. 13563, Improving Regulation and Regulatory Review”, stating the Regulatory System “must ensure that regulations are accessible, consistent, written in plain language, and easy to understand.” Add two more executive orders in to the hopper, E.O. 12866 and E.O. 12988, bases were rounded out.

The SEC, Securities And Exchange Commission, knew better than to release it proposed Regs as complicated as they are written. Lori Schock knew. Lori? Director, Office of Investor Education and Advocacy, is the SEC official responsible for overseeing the SEC’s plain writing initiative involved with implementing requirements of the Act. PlainLanguage.gov
[<http://www.plainlanguage.gov/plLaw/fedGovt/index.cfm>] A “Plain Writing Plan” was drafted [<http://www.sec.gov/plainwriting/plainwritingplan.pdf>] April 2013, Lori posted a Plain Writing Report [<http://www.sec.gov/plainwriting/plainwritingcompliance.pdf>] The

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SEC.gov/plainwriting page states they “appreciate the public's help to assess our progress on plain writing. If you have comments or suggestions about our implementation plan, or have difficulty understanding our documents or the pages on our website, please contact us at PlainWriting@sec.gov.”

The SEC manifesto made no reference to Congresswoman Ann Wagner's Retail Investor Protection Act passed October 2013 while bowing to the JOBS Act. The JOBS Act says its' worry is for investors. Something is out of whack when the JOBS ACT is 22 pages [<http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf>] and the Retail Investor Protection Act introduced by Rep Ann Wagner (R-MO2) is only four [<https://www.govtrack.us/congress/bills/113/hr2374>]

The Retail Investor Protection Act was intended to defend Investors instead the JOBS Act defines them, without Remedy. Wagner's Act failed in its purpose. Arbitration denies Americans their Day in Court and Due Process. The dirty little secret of Wall Street and investment isn't its con men and women, but that Investors are forced into “voluntary” Arbitration as mandated by the SEC where statistics release numbers like 91% of Investor filed Arbitrations fail to bring justice to Investors. Investors, if they are lucky, might, recoup 12% of their losses. Tribunals are either direct industry or connected. The Arbitrators are biased against Citizen Investors.

Not only does the 585 page Proposal fail to understand the Crowd seeking funding, it fails to grasp the experiences of the Retail Investor. Let me explain the reality of addressing Crowdfunding complaints through the SEC system of forced Arbitration that 585 pages of Legalese missed.

91% of Arbitrations either make no award to Investors or find against Investors for alleged “bad faith” for succumb to the retail investors only forum for legal redress the SEC ordered Arbitration. Judgements are made by inexperienced volunteers picking up retirement or day pay to sit on these panels where they listen to he-says-she-says without necessarily reading the documents worked on by both defense and claimants' counsel to present the facts. The Arbitrators may not have experience in document investigation or simple realities of data protection of locking up Discovery Binders at the end of an Arbitration day where the Exhibits cannot be added to or have documents taken from or be looked at by 3rd parties. Imagine how one Claimant felt watching one of the Arbitrators on their panel sleep and the Chair not wake that Arbitrator up or replace them. Imagine how one Claimant felt when the defendant provided Arbitrators a “reason” why the Arbitration was not self reported within 30 days of filing as required under FINRA rules, something pointed out to the Arbitration Panel who,

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clearly did not have the FINRA rules in the Arbitration with them to look this rule up. Participants are told their testimony is under the Penalty of Perjury. SEC does not publish statistics on how many or if any Industry Advisors and/or Brokers are ever charged and convicted under Perjury. One claimant had it in black and white that an Industry Professional was not listed in Barron's two years in a row as testified to by the Advisor, yet the Arbitration ignored that publication's editors electronic communication stating why the Industry Professional was not listed two years in a row....

All of the above are a drop in the bucket of the SEC oversight and the SEC Mandatory Arbitration process history of complaints and frauds that are examples of why even deferring or referring to Wagner's Act was not a step forward in protecting Retail Investors. Shall we say "Madoff", anyone? Or refer the authors of the 585 page manifesto to forced viewing of the TV show American Greed? Adjudication of SEC matters must be removed from SEC Forced Arbitration and put into the Court of Law promised to the Retail Investor by the US Constitution.

The US Constitution guarantees Due Process. Due process developed from clause 39 of the Magna Carta in England in which John of England promised as part of the "law of the land" something the Founding Fathers kept when America's Constitution was established. As follows: "No free man shall be seized or imprisoned, or stripped of his rights or possessions, or outlawed or exiled, or deprived of his standing in any other way, nor will we proceed with force against him, or send others to do so, except by the lawful judgment of his equals or by the law of the land."

In a pre-internet world, making dreams happen was a possibility even a likelihood for ARTS content creators and everyday people to. But in an IOT, Internet of Everything world driven by VC's and Angels, Content Creators succeeding and profiting off their Content is a challenge. ARTS Content creators Intellectual Property, ARTS Content creators Identities, ARTS Content creators Rights of Publicity, are stolen within seconds of being posted to the ARTS Content creators website, where the ARTS Creators content is taken to become the fodder fueling many Technology Innovation Nation start ups.

After all, without Honda's name on an illegal grey market airbag that somewhere in the world someone crowdfunded that is not from Honda, it is just an airbag with potential to explode, maim and kill. Kanye West's name or parody on Bitcoins that someone crowdfunded, it is just another song.

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The proliferation of online sites bundling names, faces, photos, articles by private people, without their permission, is exponential. Private property is taken then used as Content in their start-up, without permission or license. Start-ups create tools that scrape metadata from Copyrighted Content. Investors throw millions in Seed Money at start ups found at Pitches, Boot camps, Hackthons, Demos, Founder Circles or SXSW. Taking Content without paying a dime is not frowned upon in a Copyright Freed agenda. Site creators go through Round A through to Round C. Projects receive valuations in the billions even without making a profit.

Google defines Crowdfunding as “crowd·fund·ing □kroud□fəndiNG/noun
noun: crowdfunding; noun: crowd-funding”

1. the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet. "musicians, filmmakers, and artists have successfully raised funds and fostered awareness through crowdfunding"

Filmmakers, Artists and musicians are generators of Content. Content is the most frequently stolen commodity on/off the Internet. While there are musicians and filmmakers making headlines daily on pursuing theft/piracy of their content, my community, that of the Artist/Photographer has been badly represented by entities who either pursue the same-old-same-old approach for 'defending copyrights.' Frankly, anyone doing such and collecting a paycheck and NOT moving the Copyright Conversation ball forward, is, not thinking outside the box as Artists do to resolve an issue but are, collecting paychecks.

I established my site The Center For Copyright Integrity [www.centerforcopyrightintegrity.com] upon understanding the agenda of the Tech world, coupled with Venture Capitol, and predicting, quite effectively where the ball is going for 2D ARTS Creators IP, ID and for law Enforcement. Law enforcement is doing the best job that they can in a culture that is on steroids when it comes to Online Theft and constant emerging Technology's precipitating the Tsunami of Enforcement Issues they struggle to keep up with. Moreso, the US Attorneys around the country and their counterparts around the world are struggling to identify how crimes are done, discovering details after crimes are committed. I established my site to bring together the experience of ARTS Content creators, regulators and enforcement from around the world.

Why? Look at Ubuntu's Ingiegogo campaign...SIXTY THREE countries participated. I don't see that foreign touch being addressed effectively in the 585 page manifesto at all, moreso, in an exploding world of Cryptocurrencies. Over 81 countries around the world are participating in this Virtual currency that

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doesn't exist. Case in point, Silk Road, a law enforcement horror. PC World reports executives of BitInstant were arrested for money laundering for "knowingly contributed to facilitating the drug sales on Silk Road, earning substantial profits along the way, according to a statement released Monday by the U.S. Attorney's Office for the Southern District of New York." "Charlie Shrem, CEO at BitInstant, and Robert Faiella, the site's compliance officer, were charged with scheming to sell more than \$1 million worth of bitcoins to users of "Silk Road," an online black market designed to facilitate the sale of items like drugs and guns anonymously." "both charged with conspiring to commit money laundering and operating an unlicensed money transmitting business"
[<http://www.pcworld.com/article/2091820/executives-at-bitcoin-startup-face-moneylaundering-charges.html>]

The example of Charlie Shrem, CEO at BitInstant, and Robert Faiella, the site's compliance officer laundering money through the Silk Road and Bitcoins, brings to point, yet another oversight I don't recall seeing addressed in the Manifesto. Who would have thought one has to be licensed to operate a money transmitting business? And how many of the Tech startups out there are- the Ubers, the Airbnb's etc. Local laws require an entity that transacts business must be licensed within that Jurisdiction, each and every one of them- town, village, state, province, country and all. When one exists in a CLICK Internet and not in a BRICK town, then? It does look like that 'conversation' of a One Currency people tend to whisper about, is in the making, and the SEC is on board.

But again, the 585 pages was to focus on JOBS. In a BRICK not BRIC world.

The SEC has complicity here in that companies are being brought forward with IPO's and entity valuations so high they must all have nosebleeds from where the Retail Investor is sitting. The SEC does not make the entities (a) comply with President Obama's requirement of the Plain Writing Act of 2010, nor does the SEC require that any and all entities being publicly traded comply with other Regulatory Agency Laws. In the case of IP, that should be the Register of Copyrights who's ear seems more bent to the Technology entities pushing for Copyright Reform. In the case of IP, that should be the Committee of the Judiciary, but with members who have stories written on them showing their receive donations from Tech entities, one should, in the least, have those members withdraw from oversight of Hearings on Intellectual Property in order to maintain the dignity of the proceedings, which are, after all, as Democratic members of the committee, such as Judy Chu, Sheila Jackson and, formerly, Mel Watts, identified early in to the proceedings held addressing Copyright Reform.

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Crowdfunding started about being about People. Inventors. Entrepreneurs. Dreamers. Ideas they hope to bring others on board with to manifest their dream. It is the old story of Broadway Angels and Sugar Daddies with each getting something different in return. Broadway Angels want financial return. Sugar Daddies, well, not everything is dollars and sense.

I met the woman who is the creator of Crowdfunding. She spoke at a music forum here in DC, a few months back. She said all she wanted was the right to make a song she wanted to sing and produce it her way. She said the current crowdfunding platforms sought her out and talked to her and asked pointed questions. She said none of them thanked her. She, what Crowdfunding was about, Content creation, wants her Content, wants her money AND most of all wants her credit.

Timing of the Hearings to the issue of Crowdfunding is suspect. And blessed. No one could have predicted the Ubuntu's Edge would not make its goal of \$30,000,000, now having to return funds to "investors" who "donated" money. Is Michael Bloombergs, Bloomberg LP, going to get back his \$80,000 "donation"/"investment"? Is the SEC going to require him to because, unless I read too fast and missed it, I don't recall seeing how the 585 page Manifesto is going to handle this mess of monies refunds that happens all too often in Crowdfunding platforms? How is this circumstance going to be handled by the IRS? And the list of how, how, how's goes on, leading to the conclusion, on this issue, that maybe the SEC better stay away from Crowdfunding and finding ways to benefit the VC, Angels and purponents of, yet, another vehicle of potential Retail Investor Deceit when the SEC cant handle what is on their table at this time. I don't recall Law Enforcement's opinion in this matter either which, may end up being, leave donations to the IRS and their enforcement. Interstate is FBI. Secret Service addresses the issues of Financial Crimes, best, so I am told.

I don't recall reading until AFTER Ubuntu missed its goal, that Bloomberg LP was the \$80K whale or that Verizon may have been in the background too on this company choosing, on this item alone, to seed using public greed to be the first on their block with the newest toy. Who is the company behind Ubuntu? Who did their funding? Who are their partners, Board of Advisors and other entities that the Retail Investor is entitled to 100% disclosure of?

There is no conversation about Privacy, Intellectual Property, Hacking, Fair Use, Safe Harbor. There is no addressing if the Crowdfunder used/stole someone else's IP for their Idea. No addressing if the Crowdfunder is banking their Great ©

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Idea on the brains and talents of other people's IP, violating Title XVII, and Title XVIII. There is no "mother may I" moment when it comes to a great idea like Google Books which took first and asked later or similar aggregate sites that build profiles of persons without permission then posting to their site page "If You Are Not....." the person, putting the cart before the horse rather than the legally correct way.

There is no mention of foreign entities massively involved in the gathering of Private Data for, cough, Algorithm predictions. There is no mention of requirement to comply with local law, pay taxes, Federal Regs. There is no mention of who, in a VC-Venture relationship is the Superior Person in the Supervisorial Position of "the buck stops here." Litigation after litigation waiting to happen.

Without these questions being answered, maybe Crowdfunding platforms need to limit themselves to the mom & pops and musicians and artists and cancer and other patients the platform started off intending to benefit- people with a dream they would not otherwise fulfill. MAYBE what the SEC needs to do is cap a limit that Crowdfunding on sites like Kickstarter and Indiegogo can run up to before it is no longer called Crowdfunding and called with it is, Venture Capitol and Angels with a giant exception. VC and Angels have terms of repayment and or terms of participating in the profits moving forward, algorithm or otherwise, while JQ Public citizen, gets their name on a Forever page, or a T shirt or a mug, or like disaster donations sent for overseas uses they hope the money goes, to show for their contribution. A warm fuzzy feeling.

The 585 page manifesto is not at all about warm fuzzies. It is about a lot of nice feeling being projectiled in to a lot of sleepless nights.

I went back to the Table of Contents to see if in fact I had missed the "Keywords" I listed. 585 pages written by lawyers, staff and other, for Regulators out of touch with the reality of the task they assigned themselves to take on, in the name of the Investor. This Bill has an idea where it is going. It is not for protecting Retail Investors or Intellectual Property owners. This Bill should go nowhere.

Crowdfunding is the "newest" thing to regulate. The SEC wants in but using the old rules. Addressing the elephant in the room? Not going to work IF the laws are to be obeyed and upheld. Taking someone's content without permission is stealing. Profiting off the stolen property, also falls under the Criminal Code.

It beggars the mind, that Legislators asked staff to draft the 585 page proposal without a “Tip Sheet” laying out the issues that plague Content Creators and Retail Investors.

So much of Crowdfunding involves Intellectual Property. It is important to slow down the rate at which Intellectual Property is being stolen online. Crowdfunders stand to be dragged into a suit against their “fundees” if they Crowdfunder is accused of Intellectual Property theft. Recommend regulations, is the Crowdfunding Act, begin with a declaration that “Stealing Intellectual Property for Use without license, comes with Statutory Damages. Stealing is a Crime.”

Section 107 of Title 17 sets out four factors to be weighed when determining whether or not a particular use is fair.

1. The purpose and character of the use, including whether such use is of commercial nature or is for nonprofit educational purposes
2. The nature of the copyrighted work
3. The amount and substantiality of the portion used in relation to the copyrighted work as a whole
4. The effect of the use upon the potential market for, or value of, the copyrighted work [<http://www.copyright.gov/fls/fl102.html>]

#4 states, If using someone’s copyrighted work kills the value of their work or its potential market, then it is not Fair Use,

#3, says, IF too much of the piece is used or is pretty damn near the size or can be reproduced then it is not Fair Use.

Millions of dollars are tossed by Silicon Valley and Venture Capitalists for ideas that makes one scratch their head and go why and who for, when dollars that will pay down college debt, put food on the table, fund a meager or better livelihood, carry an Entrepreneur through hardship in that they don’t have weekly paychecks coming in hence are not eligible for Unemployment, Social Security, Pensions, etc. Content creators are who the JOBS act is not for. The JOBS act is messing up UNLESS it is written into the SEC regs that proof positive of ownership of photos, ARTS, music, Trademarks, Copyrights, Patents must be put forward even before the guts of the Crowdfunding conversation goes too far past, hello.

Funding a concept using people’s names, addresses, phone numbers? Run the idea up the flagpole to see if it passes the Data Brokering smell test? Is it like a Spokeo? Well, then an FTC problem will be on the horizon. Storing data? Who is

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on staff able to predict and avoid virus' like Reedum, the nemesis of Target and Neimans? Brokering deals between riders and people with cars? Are drivers compliant with local regs? If not then the risk is what happened. An Uber driver killed a 6 year old girl New Year's eve. Possibly, each and every person in the Universe of Uber stands to be sued.

Problem is Congress and Regulators write rules that aren't practical to the world of the departments saddled with implementing them. It is painful to listen to live coverage of the Banking Committee hearing. Senator Elizabeth Warren figured out the limitations of the FTC limitation of authority, stating that Data Security issues are not going to go away. Classes are held to educate staff lawyers on the new rule guidance. And then, turned loose the public, decisions are made by individuals who get them wrong as often as they get them right. Candy, anyone? The USPTO granted "fire extinguishers" as a category... go figure. The reality is opening day is when fraud begins and continues most often until it the fraud is caught. As with the debate in Congress on the IRS and War on Conservatives, the cold hard truth is that there are many entities both sides of the political aisle filing papers that go unseen until someone brings the idea forth to the Oversight. The SEC calls them Whistleblowers. The IRS calls them Whistleblowers. There is no Whistleblower for FINRA or for the USPTO. Case in point a hard edge designer whose staff presented themselves as Attorney of Record. They are not. Declared all the items filed for were in commerce since the days of Moses and then in a FINRA arbitration stated they were not designing until after the complainant stopped being their client? USPTO's remedy? Well, none. If a complaint was made, with no protection for the Reporting Violator, then maybe it would be determined the Trademark owner would lose their marks.

There really isnt a whole lot of much said that is new in the proposed Manifesto. Other than questions. It is filled with a whole lot of the same-old-yada-yada one finds when reading filings. Boiler plate language that Lawyers and Wonks tend to defer to. There is little said addressing crisis issues in conversation on Capitol Hill. No conversation addressing Immigrants, H1B visas, or the like the Tech Industry is campaigning for. No obligation of Social Conscience in light of Google's Eric Schmidt's bomb that Tech is driving away jobs from unskilled labor.

How will the SEC manage the new derivative concepts of Crowdfunding that are emerging like Mirrored Crowdfunding intended for people who want to manage their campaign from their own website at the while the Campaign is launched from the more public site? [<http://venturebeat.com/2014/01/07/indiegogo-will-now-let-companies-set-up-mirrored-campaigns-on-their-own-sites/>] I don't recall seeing this addressed in the 585 page Manifesto, yes, I continue to repeat. IF the SEC cant

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be trusted to follow President Obama's directions of the Plain Writing Act Of 2010, then how the heck can the SEC be trusted with oversight of something, in plain English, far more complex.

Menlo Ventures site [www.menloventures.com] says "Venture investing is all about discovery and partnership, transforming vision into reality" that "Great venture capital investing requires the ability to see opportunity where others see challenge. "Crowdfunding is too powerful and makes too much sense for it only to invest in silos," CEO James Beshara told VentureBeat. "Kickstarter [or Indiegogo] is not the future of crowdfunding."
[<http://venturebeat.com/2014/01/07/indiegogo-will-now-let-companies-set-up-mirrored-campaigns-on-their-own-sites/>] The SEC's manifesto projects their vision of the future of Crowdfunding has long been here. And their agenda is not about you and me.

The 585 page Manifesto did not address Crowdfunding being professionally pumped with the likes of Google AdSense, Twitter and or Facebook "Sponsored Ads." There did not appear to be addressing the issue of Spam, in itself, a model that may cooly package and fundraise through Crowds generosity and empathy. The North American Securities Administrators Association said more than 8,000 Web domains with "crowdfunding" in their names were registered after the JOBS Act was signed, ¼ had Content. The other ¾'s were squatting. Waiting.

Take-aways are listed below – a Balance and Checks Routine and the Better Business Bureaus Cautions to Consumers:

Better Business Bureaus Cautions To Consumers "I Want to Give to a Crowdfunded Project. What Should I Consider?":

One- Word to the wise, it says, "Investigate before you give. Look beyond the project profile page to learn about the entrepreneur, artist, charity etc. Are they on Facebook or other social media? Do they provide links for further verification?"

Two- Don't hesitate to request more information. You can always reach out before pledging.

Three- No matter what, only give money that you can afford to lose. The best way to avoid stress is to set a budget for yourself and have fun.

Four- When giving to a crowdfunded charitable cause, keep in mind that contributions are usually considered gifts to the recipients and are not tax

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deductible unless the group receiving the funds is a 501(c)(3) organization as designated by the Internal Revenue Service.

Five- Report suspicious accounts. On Kickstarter, you can hit the "Report this project" button at the bottom of the project page. Then provide as much detail as you can (links to the page with the concern, links to an account, details of the problem, etc.) [<http://www.bbb.org/blog/2013/06/crowdfunding-sites-grapple-with-fraud/#sthash.QrSYJU9t.dpuf>]

Balance & Check Routine and Rules for Retail Investor and Content Creator Protection:

One- Give each investor their day in court

Two- Give each Content Creator their day in a dedicated IP court as is used effectively overseas

Three- require brokers/advisors and all entities, for transparency, to provide quarterly reports to investors just the way RIA are required under SEC form ADV Part II. Investors need routine. They need to know the law protects them by requires the crowdfunders to release transparency documents every quarter. NO, not something buried somewhere on a website mass of clicks but a paper print out of the quarters activities- a royalty report so to speak

Four- Each broker/advisor must, at the top of their Agreement with the Retail Investor state their FINRA/CRD number and give, then and there disclosure if for any reason at all they have had Complaints by prior customers

Five- Each broker/advisor must give full disclosure as to ALL business entities they may have under a Holding Company to assure, the Holding Company is not a Shell the Advisor/Broker then pulls "magician's rabbits" out of. The Broker/Advisor must provide a local Regulatory ID number with a local agency ie in DC it is the DCRA, to confirm the Broker/Advisor is a legit tax paying entity.

Six- If the Broker/Advisor/Crowdfunder has multiple businesses under the same roof, with one staff working in any or all of those entities in any role, the Broker/Advisor/Crowdfunder must give full disclosure at the Get Go along with providing accountat compliancy statements. It is all about giving the wronged Retail Investor and/or Content Creator avenues for Restitution, helping determine if the companies are shell companies, out of compliant companies or....

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info@centerforcopyrightintegrity.com

Seven- Must disclose if they are a Haven State Corporation dba locally providing all dates/numbers of all incorporations, local, and federal

Eight- The Regulators would do well to create all the above into a simple one sheet checklist of these disclosure signed at the getgo.

Too much paperwork? Not at all. It is about saving paperwork and aggravation down the road.

There are too many regulatory agencies with toe stepping and an explosion of data unless "a quarter back is coming on board. Get Retail Investor Resolution away from Arbitrators. And cut the hydra off from its head.... When Technology Search Engines and VC are held accountable for behaviours conducted through them and when their abusive definition of Fair Use and Safe Harbor and correctly defined, the drop in abuses will be significant.

Company builders, market experts and excellent board members are words that describe venture done "right." There is a legal definition of Right, its called the Law. Without deferring to the law, without stemming the rush of ideas being Venture/Crowd/donate funded to get out there to capture Algorithms for marketing dollar data projections, "Right" means not moving forward on any project without assuring it complies with Regulation, respects Intellectual Property Content creators, Retail Investors and Enforcement Agencies saddled with maintaining the law.

Its not about a law at the Civil Level. It's about enforcing the Criminal Laws already on the books for Fraud, Deception and so on
[<http://www.law.cornell.edu/uscode/text/18>]

With Crowdfunding popping up in previously unimaginable niches, generating millions of campaigns and billions of bucks around the world giving Creators, Startups, Good causes and Small Businesses a potential channel to raise funds wanted for projects, one must ask what is the new "Small," what is the new "Good", what is a new Startup and what is the fate of Content Creators, the question has to be asked addressing maintaining the Law.... Isn't it better to perfect what is already on the books- protect the Content Creators, Protect the Retail investor otherwise.... Civil Penalties... FTC, USPTO and the SEC

bluntly, it's a con.... Or should I say, a Bitcoin of a Manifesto.....

Ubuntu Edge smartphone sets crowdfunding record, but still \$20m short of target

Summary: A project to raise money to develop and manufacture the Ubuntu Edge has raised more than \$10.3m through crowdfunding, although with only six days of fundraising left, the project is still more than \$20m short of its target.

By [Nick Heath](#) | August 16, 2013 -- 10:09 GMT (03:09 PDT)

A record sum of money has been raised through crowdfunding to develop and manufacture the Linux Ubuntu Edge smartphone.

Backers had contributed more than \$10.3m through the [Ubuntu Edge](#) (<http://www.zdnet.com/ubuntu-launches-crowdfunding-effort-to-manufacture-a-pc-level-edge-superphone-7000018387/>) project page on crowdfunding website Indiegogo as of 10am on Friday.

The amount pledged tops the \$10.26m raised to support the [Pebble smartwatch](#) (<http://www.zdnet.com/hands-on-with-the-pebble-e-paper-watch-gallery-7000014385/>) through Kickstarter, the previous record high.

Despite setting a new record for crowdfunding it looks likely that the Ubuntu Edge will not hit its £32 million goal within the remaining six days. If the project fails to hit its goal then all of the money raised will have to be returned to backers.

If Canonical, the company behind Ubuntu, fails to hit its target for the Edge then there won't be an Ubuntu Edge phone, according to Canonical CEO Mark Shuttleworth (<http://www.theguardian.com/technology/2013/aug/02/ubuntu-edge-crowdfunding-prediction-miss>).

Initially backers needed to pledge up to \$830 to get a phone but Canonical later lowered the price to \$695 and said it would refund anyone who paid over that amount for a handset.

Canonical pitched the USP of the Edge as being a smartphone that could double as a PC, thanks to having similar specs to a low-end laptop.

The Edge is designed to share the Unity interface with the desktop and tablet versions of Ubuntu, as part of Canonical's vision to have one interface running across all devices (<http://www.zdnet.com/ubuntu-one-os-one-interface-all-devices-7000018613/>).

The advantage of having a single desktop on all devices would be that the phone could customise the look and feel of its user interface, to look like a phone UI when used on the move and like a computer desktop when docked with a monitor.

The largest amount of pledges to the project have come from backers in the US, followed by the UK and Germany.

On Friday, Canonical also added a new funding option aimed at small businesses priced at \$7,000, which gets backers 10 phones, 14 days of online support and access to an online workshop.

The specs of the Edge are:

- Dual-boot Ubuntu Edge into either Ubuntu or Android



The Ubuntu Edge. Image: Canonical

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Biggest Crowdfunding Campaign Of All Time – The Ubuntu Edge

August 16, 2013 | [Jerry Needel](#) | [14 Comments](#)

Hi all-

As Head of Growth, I'm thrilled to announce that Indiegogo has now broken the record for hosting the biggest crowdfunding campaign of all time. With over \$10,267,352 pledged from more than 22,053 contributions from people in 63 countries, Canonical's [Ubuntu Edge campaign](#) is a testament to the power of Indiegogo to bring innovative ideas to life and democratize funding worldwide. Thank you to everyone, especially the Ubuntu and Linux communities, for making this happen.

-Jerry

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the original purchaser in the Section 4(a)(6) transaction, as a subsequent purchaser of the securities would not be considered to have "acquired [the securities] pursuant to an offering made under [Section 4(a)(6)]."

Commenters expressed concern that once the securities issued pursuant to Section 4(a)(6) are transferred, the exemption from Section 12(g) registration could cease to apply and any new holders of those securities would be included in the calculation of holders of record for purposes of Section 12(g), which could potentially require an issuer to register its securities with the Commission.³¹ Another commenter noted that the prospect that resales could trigger registration requirements under the Exchange Act might provide an incentive for issuers to attempt in some way to restrict resale and transfer of the securities issued in the offering made in reliance on Section 4(a)(6), even after the lapse of the one year transfer limitation, which would be to the detriment of small crowdfunding investors seeking liquidity.³² One commenter suggested that the exemption from Section 12(g) registration should attach to different securities issued in a subsequent restructuring, recapitalization or similar transaction that is exempt from, or otherwise not subject to, the registration requirements of Section 5, so long as the parties to

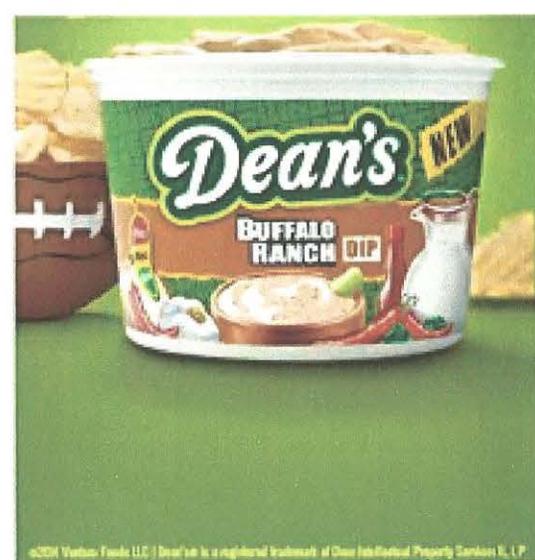
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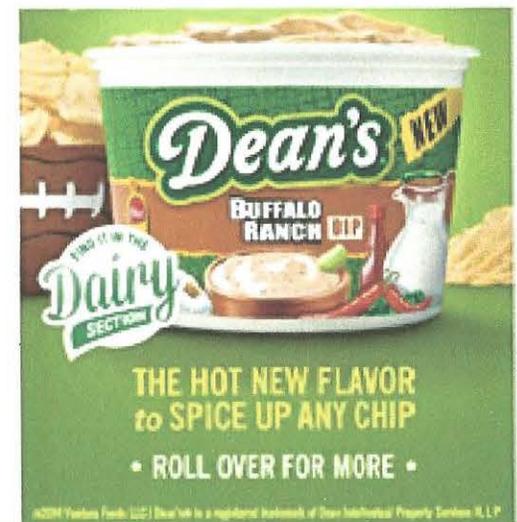
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In discussing the investment limitations, one commenter requested that the Commission

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One Hundred Eleventh Congress
of the
United States of America

AT THE SECOND SESSION

*Began and held at the City of Washington on Tuesday,
the fifth day of January, two thousand and ten*

An Act

To enhance citizen access to Government information and services by establishing that Government documents issued to the public must be written clearly, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Plain Writing Act of 2010".

SEC. 2. PURPOSE.

The purpose of this Act is to improve the effectiveness and accountability of Federal agencies to the public by promoting clear Government communication that the public can understand and use.

SEC. 3. DEFINITIONS.

In this Act:

(1) **AGENCY.**—The term "agency" means an Executive agency, as defined under section 105 of title 5, United States Code.

(2) **COVERED DOCUMENT.**—The term "covered document"—
(A) means any document that—
(i) is necessary for obtaining any Federal Government benefit or service or filing taxes;
(ii) provides information about any Federal Government benefit or service; or
(iii) explains to the public how to comply with a requirement the Federal Government administers or enforces;
(B) includes (whether in paper or electronic form) a letter, publication, form, notice, or instruction; and
(C) does not include a regulation.

(3) **PLAIN WRITING.**—The term "plain writing" means writing that is clear, concise, well-organized, and follows other best practices appropriate to the subject or field and intended audience.

SEC. 4. RESPONSIBILITIES OF FEDERAL AGENCIES.

(a) **PREPARATION FOR IMPLEMENTATION OF PLAIN WRITING REQUIREMENTS.**—

(1) **IN GENERAL.**—Not later than 9 months after the date of enactment of this Act, the head of each agency shall—

(A) designate 1 or more senior officials within the agency to oversee the agency implementation of this Act;

(B) communicate the requirements of this Act to the employees of the agency;

(C) train employees of the agency in plain writing;

(D) establish a process for overseeing the ongoing compliance of the agency with the requirements of this Act;

(E) create and maintain a plain writing section of the agency's website as required under paragraph (2) that is accessible from the homepage of the agency's website; and

(F) designate 1 or more agency points-of-contact to receive and respond to public input on—

(i) agency implementation of this Act; and

(ii) the agency reports required under section 5.

(2) **WEBSITE.**—The plain writing section described under paragraph (1)(E) shall—

(A) inform the public of agency compliance with the requirements of this Act; and

(B) provide a mechanism for the agency to receive and respond to public input on—

(i) agency implementation of this Act; and

(ii) the agency reports required under section 5.

(b) **REQUIREMENT TO USE PLAIN WRITING IN NEW DOCUMENTS.**—Beginning not later than 1 year after the date of enactment of this Act, each agency shall use plain writing in every covered document of the agency that the agency issues or substantially revises.

(c) **GUIDANCE.**—

(1) **IN GENERAL.**—Not later than 6 months after the date of enactment of this Act, the Director of the Office of Management and Budget shall develop and issue guidance on implementing the requirements of this section. The Director may designate a lead agency, and may use interagency working groups to assist in developing and issuing the guidance.

(2) **INTERIM GUIDANCE.**—Before the issuance of guidance under paragraph (1), agencies may follow the guidance of—

(A) the writing guidelines developed by the Plain Language Action and Information Network; or

(B) guidance provided by the head of the agency that is consistent with the guidelines referred to in subparagraph (A).

SEC. 5. REPORTS TO CONGRESS.

(a) **INITIAL REPORT.**—Not later than 9 months after the date of enactment of this Act, the head of each agency shall publish on the plain writing section of the agency's website a report that describes the agency plan for compliance with the requirements of this Act.

(b) **ANNUAL COMPLIANCE REPORT.**—Not later than 18 months after the date of enactment of this Act, and annually thereafter, the head of each agency shall publish on the plain writing section of the agency's website a report on agency compliance with the requirements of this Act.

SEC. 6. JUDICIAL REVIEW AND ENFORCEABILITY.

(a) **JUDICIAL REVIEW.**—There shall be no judicial review of compliance or noncompliance with any provision of this Act.

(b) ENFORCEABILITY.—No provision of this Act shall be construed to create any right or benefit, substantive or procedural, enforceable by any administrative or judicial action.

SEC. 7. BUDGETARY EFFECTS OF PAYGO LEGISLATION FOR THIS ACT.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled “Budgetary Effects of PAYGO Legislation” for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

U.S. Securities and Exchange Commission

Report on Implementing the Plain Writing Act of 2010

July 13, 2011 (updated April 13, 2012)

The purpose of this Report is to describe the U.S. Securities and Exchange Commission's plans for implementing the Plain Writing Act of 2010 (Act). The Act is intended to make it easy for the public to understand government documents. The SEC, like other federal agencies, must write documents in plain writing, which the Act defines as writing that is "clear, concise, well-organized, and follows other best practices appropriate to the subject or field and intended audience." Plain writing avoids jargon, redundancy, ambiguity, and obscurity.

By October 13, 2011, the Act requires executive agencies to write *new or substantially revised* "covered documents" using the Federal Plain Language Guidelines. The Act defines a "covered document" as any document that

- is necessary for obtaining any Federal Government benefit or service or filing taxes;
- provides information about any Federal Government benefit or service; or
- explains to the public how to comply with a requirement the Federal Government administers or enforces.

The Act excludes "a regulation" from the definition of "covered document," although [guidance from the Office of Management and Budget](#) (OMB) states that rulemaking "preambles," which correspond to our rulemaking releases, are to be considered "covered documents."

Based on the OMB guidance and input from the SEC's offices and divisions, "covered documents" generally include, but are not limited to:

- narrative text of Commission releases (for example, proposing, adopting, concept);
- no-action letters, exemptive and interpretive orders, including SRO rule filing notices and orders, answers to frequently asked questions, compliance alerts, and comment letters;
- press releases, news digests, and most content of [sec.gov](#) and [investor.gov](#);
- investor alerts and bulletins; and
- correspondence and published speeches, presentations and conference materials that explain how to comply with SEC rules.

Other Requirements of the Act

- **Senior Agency Official for Plain Writing**

The Senior Agency Official responsible for Plain Writing is Lori J. Schock, Director, Office of Investor Education and Advocacy.

- **Plain Writing Webpage**

We have created a webpage that informs the public of the SEC's plans for complying with the Act and allows the agency to receive and respond to public comments and suggestions. The webpage, <http://plainwriting.shtml>, is accessible through a link at the bottom of the SEC homepage and on investor.gov.

- **Informing Agency Staff of Requirements of the Act**

We sent an agency-wide Administrative Notice to SEC staff, informing them of the requirements of the Act, on July 11, 2011.

- **Training**

Staff will receive onsite training in plain writing from the Plain Language and Information Network (PLAIN). Approximately 150 employees who regularly write or edit documents covered by the Act will attend the training sessions. Additional onsite sessions will be scheduled as needed. Online training resources from PLAIN and other federal agencies will also be made available to the staff.

- **Assessment of Plain Writing Efforts**

Plain Writing Liaisons in the SEC's offices and divisions will report on progress on plain writing to the Senior Agency Official for Plain Writing. The Liaisons will also help evaluate public comments, consider the need for additional staff training, and develop methods to encourage staff compliance with the Act, which might include an award for achievement in plain writing.

- **Request for Comment**

Members of the public are requested to submit comments and suggestions on the SEC's plain writing efforts to: PlainWriting@sec.gov.

U.S. Securities and Exchange Commission

Compliance Report on Implementation of the Plain Writing Act of 2010

April 12, 2013

Summary of steps taken by the SEC to implement the Plain Writing Act of 2010 (Act):

- Lori J. Schock, Director, Office of Investor Education and Advocacy, was designated as the Senior Agency Official responsible for plain writing.
- We created an SEC webpage about our Plain Writing Initiative at <http://www.sec.gov/plainwriting.shtml>
- We created an emailbox for public comments on the SEC's plain writing efforts at PlainWriting@sec.gov.
- We provided information on the requirements of the Act to SEC staff agency-wide and posted the information on the SEC's intranet.
- Approximately 150 SEC staff received training from representatives of the Plain Language and Information Network (PLAIN).gov. In addition, several professional writing courses open to SEC staff included a "plain language" component.
- We posted training materials about plain writing from PLAIN and other government agencies on the SEC's intranet.
- We posted information on the SEC's intranet regarding the results of investor testing commissioned by the Office of Investor Education and Advocacy to learn about investor views on the usefulness of SEC disclosure documents. Plain writing was at the top of many investors' lists of preferences for disclosures about financial and investment topics. Investors also indicated a preference for logical organization, clear information design, and the use of visuals to aid comprehension.

113TH CONGRESS
1ST SESSION

H. R. 2374

IN THE SENATE OF THE UNITED STATES

OCTOBER 30, 2013

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To amend the Securities Exchange Act of 1934 to provide
protections for retail customers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Retail Investor Protec-
3 tion Act”.

4 **SEC. 2. STAY ON RULES DEFINING CERTAIN FIDUCIARIES.**

5 After the date of enactment of this Act, the Secretary
6 of Labor shall not prescribe any regulation under the Em-
7 ployee Retirement Income Security Act of 1974 (29
8 U.S.C. 1001 et seq.) defining the circumstances under
9 which an individual is considered a fiduciary until the date
10 that is 60 days after the Securities and Exchange Com-
11 mission issues a final rule relating to standards of conduct
12 for brokers and dealers pursuant to the second subsection
13 (k) of section 15 of the Securities Exchange Act of 1934
14 (15 U.S.C. 78o(k)).

15 **SEC. 3. AMENDMENTS TO THE SECURITIES EXCHANGE ACT**
16 **OF 1934.**

17 The second subsection (k) of section 15 of the Securi-
18 ties Exchange Act of 1934 (15 U.S.C. 78o(k)), as added
19 by section 913(g)(1) of the Dodd-Frank Wall Street Re-
20 form and Consumer Protection Act (12 U.S.C. 5301 et
21 seq.), is amended by adding at the end the following:

22 “(3) REQUIREMENTS PRIOR TO RULEMAKING.—

23 The Commission shall not promulgate a rule pursu-
24 ant to paragraph (1) before—

25 “(A) identifying if retail customers (and
26 such other customers as the Commission may

1 by rule provide) are being systematically
2 harmed or disadvantaged due to brokers or
3 dealers operating under different standards of
4 conduct than those standards that apply to in-
5 vestment advisors under section 211 of the In-
6 vestment Advisers Act of 1940 (15 U.S.C. 80b-
7 11); and

8 “(B) identifying whether the adoption of a
9 uniform fiduciary standard of care for brokers
10 or dealers and investment advisors would ad-
11 versely impact retail investor access to personal-
12 ized investment advice, recommendations about
13 securities, or the availability of such advice and
14 recommendations.

15 “(4) REQUIREMENTS FOR PROMULGATING A
16 RULE.—The Commission shall publish in the Fed-
17 eral Register alongside the rule promulgated pursu-
18 ant to paragraph (1) formal findings that such rule
19 would reduce the confusion of a retail customer (and
20 such other customers as the Commission may by
21 rule provide) about standards of conduct applicable
22 to brokers, dealers, and investment advisors.

23 “(5) REQUIREMENTS UNDER INVESTMENT AD-
24 VISERS ACT OF 1940.—In proposing rules under
25 paragraph (1) for brokers or dealers, the Commis-

1 sion shall consider the differences in the registration,
2 supervision, and examination requirements applica-
3 ble to brokers, dealers, and investment advisors.”.

Passed the House of Representatives October 29,
2013.

Attest:

KAREN L. HAAS,

Clerk.



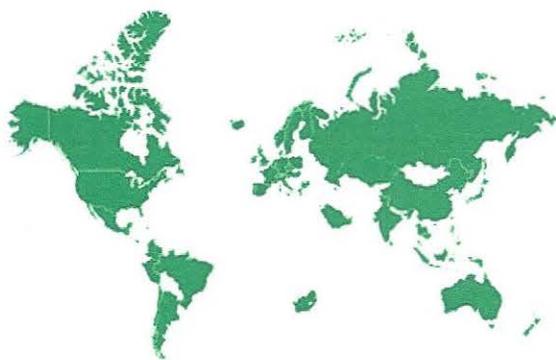
Biggest Crowdfunding Campaign of All Time:

The Ubuntu Edge

Amount Pledged To Date	Contributions
\$10,267,352	22,053

Global Reach

Countries **63**



Top Five Countries

1. US
2. Germany
3. Sweden
4. UK
5. Netherlands

Average Contributions



Per Minute **\$291.21**

Per Hour **\$17,472**

Per Day **\$419,342**

Largest Contribution **\$80,000**