February 3, 2014

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

RE: Rules for JOBS Act Title III, Section 4(a)(6), Crowdfunding (File No. S7-09-13)

Ladies and Gentlemen:

This letter is submitted on behalf of the Crowdfunding Professional Association (CfPA), the industry's non-profit umbrella trade association established shortly after Congressional enactment and Executive signing of the JOBS Act in 2012. Set up in parallel by the same individuals who founded Crowdfunding Intermediary Regulatory Advocates (CfIRA), CfPA in contrast represents and includes all sectors and participants in the Crowdfunding ecosystem, and takes as its overriding mission working to enhance the success through Crowdfunding of the individual entrepreneurs and investors who are the intended beneficiaries of the JOBS Act. This unique identity is worth noting because, unlike other organizations, the CfPA welcomes all interested parties but works primarily for the users of Crowdfunding, not the interests of the supporting entities that intermediate but are not themselves the intended beneficiaries of the Act.

As a further element of preamble, it is also important to note that the CfPA is conscious of and works to maximize the success of those raising funds (and their supporters) using all forms of Crowdfunding, which cannot in practice be completely dissociated from each another. Thus, entrepreneurs can, do and will continue to utilize various forms of Crowdfunding (non-securities-based donation and rewards models, intra-state regimes, and soon, the federal securities-based model established under the JOBS Act) together, alternatively and/or serially. In practice, the ease and accessibility of each will always influence utilization of the others. Congressional intent to provide a federal securities-based alternative will only be fulfilled in practice if the interests of all parties in the ecosystem are considered and protected as fundamentally and sustainably as possible. It is in this light that we respectfully submit these comments.

While the Commission is considering numerous aspects of the Rules under which securities-based (Section 4[a][6]) Crowdfunding will be conducted in this country, we in the CfPA would like to address five major areas of concern in the Proposed Rules. We feel that these five issues will make the greatest difference in determining whether or not the JOBS Act in practical reality will provide a significant and usable new avenue of capital formation, job creation and investment opportunity for the entrepreneurs and general population of our country. The five issues that we wish to comment on are 1. Offering

changes and Investor rescission rights, 2. Offering curation and investment advice, 3. Continuing roles for Intermediaries after deal closing, 4. Issuer audit requirements, and 5. Required Investor education. These issues, including our recommendations and reasoning, are discussed in detail below.

Offering changes and Investor rescission rights. Although at first glance appearing to provide an additional burden on Issuers and Intermediaries, we feel and recommend that any change in offering documents on a web site after initial posting restart the 21-day period (or at least half of that) during which offerings cannot close and prospective or pledged Investors can reconsider and rescind their commitments. We applaud and appreciate the statute's 21-day minimum period between information posting and actual sale of securities as an all-important provision for the fundamental priority of Investor protection (by mandating and providing adequate time for investment diligence and consideration), and feel that the obligation should rest squarely on Issuers and Intermediaries to get the disclosed information completely right before it is posted. If a contemplated change is not of sufficient gravity in terms of accuracy, completeness, liability, etc., it need not be posted, but if it is (at the Issuer's and Intermediary's joint judgment and responsibility), then the clock should be restarted. Referencing the vague and often debatable term-of-art "material change" as a standard is not sufficient for adequate Investor protection in our eyes, since even a single punctuation mark may be significant to some and not to others, as illustrated by the famous "Let's eat, Grandma", which with or without the comma has entirely different meanings. The strict standard proposed here, that ANY change to company or deal materials restarts the offering clock, will ultimately provide for Issuers' and Intermediaries' protection as well as Investors', since it removes from the start a significant possible basis for later dissatisfaction and consequent legal challenge and liability.

Offering curation and investment advice. Many in the Intermediary community seek to "curate" (comment on, rank, highlight, etc.) offerings on their sites, and thus compete with and differentiate themselves from their competitors. Such a possibility and ambition raise important considerations of whether or not such curation would constitute provisio of investment advice; in our view it certainly would. Even if performed by a licensed Broker, in the online world of Crowdfunding such curation would amount to providing advice to customers (Investors) with whom the Broker does not have the all-important customary and required prior individual relationship and knowledge. Furthermore, fees paid by Issuers are unlikely to (and should not, for both Investor and Issuer protection) be based on the degree of enthusiasm and/or performance of the listing Intermediary regarding a particular offering, as doing so would provide a significant opportunity for Issuer-Intermediary friction, dissatisfaction and legal recourse. Our suggestion in this regard is that Intermediaries of all types should be free to accept or decline representation of any Issuer and offering, absolutely and with no requirement for justification to the prospective Issuer, but that Intermediaries should then be precluded from any practice

(commenting on, highlighting, ranking, etc.) that could be considered to include value judgment and the provision of investment advice. It is important to note here that other sources of curation and commentary will surely emerge and be available in the Crowdfunding ecosystem (importantly the Crowd itself, and other non-Intermediary entities as well), so that potential Investors will have n dearth of input with which to inform their investment decisions. Preventing this source of potential conflict and liability between Issuers, Intermediaries and Investors will be of long-term benefit to all of these constituencies.

Continuing roles for Intermediaries after deal closing. An important feature of pending JOBS Act-enabled federal securities-based Crowdfunding is mandated and ongoin reporting and communication by Issuers toward their Investors. While we wholeheartedly support this requirement (which parenthetically is all too often disregarded after current Rule 506-based private offerings), we do not think that the Intermediary who handles the original offering should have any mandated role in such further administration or communication. Indeed, tying Issuers to particular Intermediaries would be inflexible and improper just as if companies were inextricably bound to particular legal, accounting or other professional service providers, and how such inflexibly required services after an offering would be priced is not at all clear (and a further potential cause for friction in any case between the parties involved and affected.) Intermediaries may also be legitimately cautious about their liability in such open-ended commitments. Our recommendations are that the required ongoing communication between Crowdfunding Issuers and their Investors remain a fundamental and clear obligation of the Issuers alone, and that these be allowed to fulfill this requirement with the assistance of any providers or parties they choose including but not limited to the Intermediary who handled the original offering. These suggestions serve the interests of all parties (Issuers, Intermediaries and Investors) involved in the Crowdfunding transaction, by clarifying everyone's expectations and obligations and allowing maximum flexibility and sustainability in their discharge.

Issuer audit requirements. The Act's initial requirement that Issuers provide audited financials if conducting Crowdfunding raises of over $500,000 is likely to prove by itself a major disincentive to such attempted transactions and their anticipated positive outcomes, without providing corresponding value to the Investors whom it is intended to protect. Fortunately, the language of the legislation allows the Commission to determine alternative threshold amounts, which we suggest here for the following three reasons. First, the companies utilizing the provisions of the Act to begin, grow and generate jobs are generally expected to be young and cash-limited. Audits are always rigorous, complicated for the firm in their requirement on GAAP adherence, and expensive since they place inescapable demands on the reputation and liability of the specialized accounting firm involved. As an aside, audits are almost completely meaningless if the Issuer is a start-up without operating history. Second, the costs of such an audit must necessarily be incurred prior to the posting of an offering, and in the numerous expected cases of unsuccessful offerings,

would lead to substantial net losses to the struggling businesses that Crowdfunding is supposed to help. Finally, it should be noted that most private Rule 506 investments, as well as Merger and Acquisition transactions involving companies much further along in their business development (and often of an order of magnitude greater value than the typical start-up), take place with the availability of reviewed but not audited financials. We therefore suggest that the requirement for audited financials in JOBS Act-enabled Crowdfunding transactions be reserved for larger raises (or other conditions) that might potentially be determined in the future, but not be required at present for raises of $500,000 to $1,000,000.

Required investor education. The JOBS Act laudably requires Investors participating in Crowdfunding deals to demonstrate appropriate and effective education and understanding of (and beyond mere exposure to) the inherent complications and risks of such transactions. Furthermore, Intermediaries are tasked with ensuring and showing evidence of such education and understanding. We submit that, absent detailed and specific guidance by the Commission (which is outlined and suggested below), allowin these educational requirements to be designed and discharged in varying ways by different Intermediaries will necessarily deprive some Investors of the protections envisioned by the Act. Of greatest importance, learning is fundamentally defined by the behavioral changes that result, and various participants and authorities have different visions of what Crowdfunding Investor education should aim to produce. For many Intermediaries, the primary goal is protection from later Investor dissatisfaction and assertion of liability, through written affirmation of adequate prior understanding (which is impossible to assess through mere statement, in our view) of the risks involved. For promoters of Crowdfunding seeking maximum and rapid economic impact, an objective of maximizing Investor participation has been expressed. Our view at the CfPA, which we feel is consistent with both Congressional and Commission intent, is that the proper primary goal of Investor education is for each Investor to be enabled to make the investment decisions (both positive and negative) that best serve his or he individual well-being. We therefore respectfully submit the following points for Commission clarification and decision:

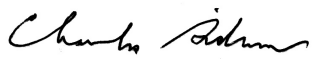
Which of the above-described (or alternative) primary goals for Crowdfunding Investor education does the Commission wish to establish? The CfPA suggests a primary goal of enabling maximally effective individual Investor decision-making for his/her own and unique benefit, rather than Intermediary liability protection or systemic economic development objectives.

Does the Commission itself desire to develop, or alternatively approve and/or certify the educational programs and evidence of effectiveness of hundreds of individual Intermediaries? We expect that the Commission will not wish to be in the education business itself (the first path), and further predict that, without substantial standardization and consistency in the second, chaos and harm to Investors as well as Intermediaries and Issuers will inevitably result. We suggest that one or more industry bodies (perhaps first and foremost to include the CfPA itself, given its comprehensive position in the industry

and its specific orientation towards the intended primary beneficiaries of the JOBS Act) be designated, with approval and oversight by the Commission, to design, deliver and administer, in a consistent fashion, the mandated educational programs, and then to provide certification of their effective accomplishment by individual Investors to Intermediaries. If charged with such responsibility, the CfPA would welcome, consider and incorporate as wide a variety of source materials as possible. Even before announcement of the Proposed Rules, the CfPA had begun to strategize concerning content, delivery and efficacy demonstration for both basic and advanced Crowdfunding Investor education.

In closing, the Crowdfunding Professional Association appreciates and supports the difficult work of the Commission, and stands ready to be of assistance in any way desired going forward. We thank you in advance for your attention and consideration.

Respectfully submitted,



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