



Via Email: rule-comments@sec.gov

February 3, 2014

U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Attention: Ms. Elizabeth M. Murphy, Secretary
File Number: S7-09-13

Ladies and Gentleman,

This letter is submitted in response to the U.S. Securities and Exchange Commission's (the "Commission") request for public comments relating to new Section 4(a)(6) of the Securities Act of 1933 and the Exchange Act of 1934, specifically new Regulation Crowdfunding.

WealthForge Holdings, Inc. ("WealthForge" or "we") believes that the intent of new Section 4(a)(6) was to allow non-accredited investors to invest through Regulation Crowdfunding and grow the private offering market and help to attract significant capital to entrepreneurs and small businesses. However, we believe the proposed rules in their current state are too costly and burdensome on small issuers to make Crowdfunding a widely adopted exemption for raising capital. We understand that it is critically important that first time investors in private companies understand the risks and opportunities involved. In an effort to gather additional information about issuers and intermediaries undertaking Crowdfundin, the Commission has initially proposed restrictions on the size of offerings, limitations on the extent investors can participate, ongoing reporting requirements on small issuers including financial audits, and restrictions on the activities of intermediaries.

WealthForge recommends for the Commission to consider increasing the maximum annual Crowdfunding offering amount to two million dollars, with a financial audit only required for offerings over \$1M. Additionally, WealthForge recommends the remove of annual investment limits on accredited investors, simplification to the filing requirements for form C, and to allow registered intermediaries to work together on Crowdfunding offerings and other private securities transactions.

We believe that these new Proposed Amendments under Section 4(a)(6) as written will be restrictive to issuers and intermediaries and therefore less adopted as an exemption for capital formation. Under the new Proposed Rules, the costs on issuers and intermediaries to complete a Crowdfunding transaction are too high as a ratio compared to the relatively small amount being raised. Statutorily limiting accredited investors annual participation in Crowdfunding transactions is inconsistent with other securities exemptions, including Regulation D, which does not impose a limit on the annual dollar amount an accredited person can invest. The initial filing

and ongoing filing of Form C requires too much time and effort, with over 100 hours being spent by a small issuer on an annual basis to comply with the proposed regulation. Lastly, registered Funding Portals and Broker-Dealers should be able to syndicate transactions and be compensated for their activities in conducting offerings and exposing investment opportunities to a broader range of investors.

We believe that the Commission's proposal places high costs and large time burdens on companies raising relatively small amounts of capital. Alternatively, we recommend that our comments below be taken into consideration as we believe they will better help the Commission strike the right balance in implementing the JOBS Act, which is intended to improve the process of access to capital for entrepreneurs and increase investor participation in private offerings.

WealthForge Background

WealthForge was founded in 2010 to create a more efficient marketplace for entrepreneurs to access capital and to engage more qualified prospective investors. Today, WealthForge has thousands of prospective issuers and investors registered within its affiliated network.

WealthForge is registered as a broker-dealer with the Financial Industry Regulatory Authority ("FINRA") and the Commission and has registered securities representatives in numerous states across the country. In 2010, WealthForge became one of the first member FINRA intermediaries organized for the specific purpose of facilitating private placements over the internet.

WealthForge has designed its online platform to ensure that transactions comply with U.S. Securities Act of 1933 provisions. The Proposed Amendments under new Section 4(a)(6) directly affect our business model as an intermediary that participates in this market, and we will comply with all rulings stemming from the Commission and FINRA on the JOBS Act.

WealthForge aims to facilitate standardization, transparency and efficiency within the online private investment marketplace; including such services as syndication, transfer, settlement, reporting, risk management, compliance and due diligence.

Comments to Proposed new Section 4(a)(6)

In implementing the proposed new Section 4(a)(6) of the Securities Act of 1933 and the Securities Exchange Act of 1934, we encourage the Commission to be mindful of the costs and time requirements placed upon small issuers by imposing the requirements of an annual audit and ongoing form C filings, and the burdens and restricted activities placed on intermediaries and accredited investors which are not currently limited under other exemptions.

Increase the Annual Offering Limit and Decrease the Costs of Capital

The costs associated with completing a Crowdfunding transaction under the current regulations can be as high as one hundred thousand dollars when an issuer adds up audit fees, intermediary fees, legal fees and other offering costs. By proposing an offering limit of one million dollars, the minimum cost of capital to any issuer is approximately ten percent of the total amount raised, when looked at on a percentage basis of the use of proceeds.

This ratio and upfront cost of capital is prohibitive on many small prospective issuers with limited finances. WealthForge recommends that the Commission increase the annual offering amount threshold and decrease the costs of capital by expand the offering size limit to two million dollars per Crowdfunding offering, and only requiring those issuers raising over one million dollars to be subject to the audit requirements.

Remove the Limitations on Investor Participation

An accredited investor's total annual participation should not be limited in Crowdfunding transactions. Accredited investors are not currently restricted in their annual dollar investment participation in Regulation D Rule 506 offerings or on other types of securities transactions. We do not believe it is consistent for the Commission to impose a one hundred thousand dollar annual limit on those investors who have traditionally been able to accept much larger risks in other established forms of securities offerings.

If the Commission is being mindful of allowing Crowdfunding investors to be able to participate and have access to a reasonable allotment in any offering, we recommend that the Commission restrict any one persons investment in any one Crowdfunding offering to one hundred thousand dollars. However, no total annual limit should be imposed on the amount of investments for an accredited person.

Reduce the Reporting Requirements

WealthForge believes that the imposed time commitment to complete Form C under the new Proposed Rules is too burdensome for small issuers to utilize Crowdfunding. The Commission estimates that it will take issuers approximately one hundred hours for the first year to complete Form C. This is significantly higher than the traditional filing of Form D, estimated to be four hours, under Regulation D.

To be mindful of this burden on small issuers, WealthForge recommends that the Commission establish filing requirements for Form C that are consistent with Form D. WealthForge recommends that the Commission require the filing of a Form C within 15 days of the offering first receiving an investment and at the completion of the Crowdfunding offering.

Remove the Restrictions on Registered Intermediaries Activities

The Proposed Rules under new Section 4(a)(6) propose new restrictions on registered intermediaries. Crowdfunding intermediaries should not be restricted in participating in

customary activities for private offerings that are common under existing regulations. These activities include syndication and the sharing of success fees or referral fees. Crowdfunding transactions should be able to be shared amongst registered intermediaries and the member intermediaries reporting requirements should give the Commission information into the firm's activity.

Furthermore, WealthForge recommends that Funding Portals and their registered persons should be permitted to accept success based fees on Crowdfunding transactions or referral fees for other forms of securities business if associated with a registered broker-dealer. A member firm is allowed to share transactions and compensation with other registered persons and a Funding Portal and its registered persons should be treated similarly under the proposed new rules.

We appreciate the opportunity to provide our comments on new Section 4(a)(6) in advance of the Commission's rulemaking on the subject. We hope that the Commission reviews these comments and formalizes the rules within the 60 day period before the commencement of Crowdfunding in order to safeguard investors and provide clarity to issuers. We would be happy to provide additional information or answer any questions that you might have.

Sincerely,

A handwritten signature in black ink, appearing to read "Mathew Dellorso". The signature is stylized with a large, sweeping initial "M" and a long, horizontal stroke extending to the right.

Mathew Dellorso
Chief Executive Officer
WealthForge Holdings, Inc.