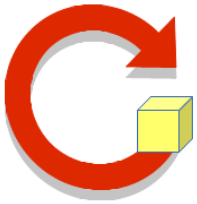

PUBLIC STARTUP COMPANY, INC.
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February 11, 2014

To: Mary Jo White, Chair
Elizabeth M. Murphy, Secretary
Charles Kwon, Office of Chief Counsel,
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE, Washington, DC 20549-1090
CC: rule-comments@sec.gov

From: Jason Coombs, Co-Founder and CEO
Public Startup Company, Inc.
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Re: File No. S7-09-13, http://www.gpo.gov/fdsys/pkg/FR-2013-11-05/pdf/2013-25355.pdf

This comment is in reply to the Commission's 176-page Proposed Rules for crowdfunding transactions pursuant to the new Section 4(a)(6) of the Securities Act of 1933, Release Nos. 33–9470; 34–70741.

I previously urged the SEC to formally adopt "A Bill of Rights for Securities Issuers Under The JOBS Act" https://publicstartup.com/A_Bill_of_Rights_for_Securities_Issuers_Under_The_JOBS_Act.pdf

See: http://www.sec.gov/comments/s7-09-13/s70913-93.pdf

I also previously complained about censorship of my December 15, 2013 letter in which the SEC staff intentionally disabled select hyperlinks and blacked-out portions of my letter in order to make it more difficult for people to contact me. My second letter regarding the Commission's 176-page Proposed Rules for crowdfunding transactions provided answers to only 137 of the 284 Requests for Comment.

See: http://www.sec.gov/comments/s7-09-13/s70913-245.pdf

In my second letter, I called attention to the fact that the SEC Division of Enforcement has given me a federal subpoena that has threatened me with one year in prison if I failed to comply and deliver to the Commission the items that were demanded which included comprehensive details regarding, copies of all communication with, any investor, potential investor or other parties contacted directly or indirectly.

I strongly disagree with the Commission's assertion that is has the legal authority to threaten me with imprisonment. I strongly disagree with the Commission's assertion that it has the power to compel an issuer, or would-be issuer, such as me or my public startup companies, to produce records and copies of non-public communications with, and comprehensive lists of, every third-party with whom there has been contact or attempted contact during my Regulation D Rule 506(c) public offerings of unregistered securities. In my opinion, **the SEC will cease to exist** before it will be successful in attempting to compel me, or anyone else, to produce any such items **without a court order**. Furthermore, it is likely that **the SEC will be sued far and wide** by patriotic law-abiding honest people, such as myself, if it continues to engage in this old pattern and practice of bullying and harassment dating back to 1934.

In 2012, the SEC was told by Congress, in a very clear mandate, **TO STOP ABUSING ITS POWER**.

The mandate to leave issuers alone when they engage in such lawful, constitutionally-protected general solicitation or general advertising is legislation called the **JOBS Act**. The SEC must already know this!

I have been writing letters to the SEC since 2012 when the corrupt, criminal, outrageous action of the former Chair, Mary Schapiro, and her co-conspirators including most of the present Commissioners, first made it clear to me that the SEC was going to continue to be the problem rather than the solution.

My previous letters have been tweeted on my Twitter account: https://twitter.com/JasonCoombsCEO

What exactly is the problem that necessitates so many years of letter-writing and such painful waiting?

The problem is that since 2006, when I became CEO, Chairman, and majority voting shareholder of a publicly-traded company that had just been de-listed from the NASDAQ OTCBB, PivX Solutions, Inc., a company to whom I had previously sold my computer forensics business and for whom I had served as Director of Forensic Services, **it has been illegal for me to ask for investment capital in the USA**.

None of my friends or family are deemed Accredited investors by United States Code Title 17, Part 230 Section 230.501 (known as Regulation D, Rule 501) so the current Rules and Regulations promulgated from the 1933 Securities Act by the Securities and Exchange Commission's staff and its Commissioners since 1934 have made it illegal for me to raise new capital except from my non-accredited friends and family, who individually and collectively are unable to invest anywhere near the amount that is actually required to grow any substantial new business venture, or unless I raise the new capital from one of –

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
(3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;
(4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
(5) Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds $1,000,000. **[Note: detailed rules for determining individual or joint net worth have been redacted here]**

(6) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in §230.506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

… and by forming such new investor relationships exclusively <u>in-person</u> without using any means of general solicitation nor general advertising, using no means nor instruments of transportation nor communication in

interstate commerce, nor any means nor "instrumentality" of interstate commerce, nor of the mails, in connection with raising such new capital.

This is not to say that I do not know a number of affluent people, or that the company does not have a number of affluent shareholders already from previous capital formation raises who may be Accredited. Those existing shareholders, and the few people I know in the world who are likely Accredited, are not people with whom I personally have a pre-existing substantive relationship. I therefore have no way to know whether my business ventures represent a risk to which these investors can truthfully afford to allocate new capital, and I lack the personal relationship with them that would make it comfortable or even reasonable to attempt to find out. With enough capital I can guarantee a meaningful return on the investors' investment, but such guarantee requires every conceivable risk factor to be insured against and requires the investors to allow me to retain unilateral control so that nobody else's mistakes, bad decisions, or incompetency can interfere with the execution of a profitable business strategy. Until the full amount of funding required is secured on such favorable terms, the risk of loss for everyone seems unreasonably-high and the challenge of managing the business without adequate funding is astonishing.

If there were a way for me to solicit a large number of potential investors, and for those investors to each allocate a small amount of capital to my venture, then I would not need to have a close personal relationship with knowledge of the financial status of each backer in order to raise the capital needed.

I do have the knowledge, and resources, necessary to file a registration statement with the Commission.

My business venture is substantial enough, has enough staying power, has been diligently researched, designed and tested, that it is definitely worthy of an Emerging Growth Company public offering. Due to circumstances beyond my control, including the Flash Crash in 2010 around which time I personally lost $320,000.00 which represented nearly half of my net worth, it has simply not been possible for me to justify the allocation of my own personal resources to the task of registering my company's shares with the SEC just to become and to remain a registered issuer. The cost of remaining fully-reporting and fully-compliant with the 1934 Exchange Act is a big uncertainty, with the only sure thing being that the cost and difficulty of compliance is always rising. Also rising continuously in the USA are the legal punishment risks, possibly even for honest mistakes. Under Sarbox, if I were to sign to certify that my company's financial statements are accurate, and that I have personally verified that the controls that are in place have prevented any material inaccuracy in those financial statements, and then it were to be discovered that I was mistaken about this belief, then I could be prosecuted criminally in addition to the obvious risk of civil liability for my company and for me, personally, for incorrectly certifying reports.

In my opinion, the SEC and prior legislation such as Sarbox has destroyed the public registered market in the United States. That market is now in long-term structural decline, and rather than attempting to understand and to solve the problems that caused this, those who are paying attention in Congress have simply legislated around it with the JOBS Act. A broker friend of mine laughed when he read the JOBS Act because, to his expert mind, the majority of the politicians who supported it must not have truly understood what they were doing, or they would not have voted to pass the legislation. My preferred securities law firm and startup lawyer in Silicon Valley, where I was born and raised, told me in 2012 that they did not believe the JOBS Act would ever actually go into effect because it eliminates the SEC.

I have risked everything I own, and my personal freedom, in order to demonstrate that the JOBS Act does in fact exist already, that nobody requires the SEC to take further action in order for the legislative changes to the 1933 Securities Act to go into effect. **THE JOBS ACT IS ALREADY IN EFFECT!**

If the Commission were to cease to exist tomorrow, and all of its useless, misleading, deceptive and unconstitutional Rules and Regulations were to cease to exist, the Federal Securities Laws including the 1933 Securities Act would, thanks to the JOBS Act, still authorize general solicitation and general advertising of my unregistered securities directly to accredited investors. Furthermore, a crowdfunding portal-style sale of my unregistered securities could still be accomplished to any non-accredited buyers, provided that I work with a licensed broker-dealer who is registered with FINRA and who is willing to accept liability risk from helping me to raise capital for my legitimate and promising business ventures.

As of right now, and since 2012, the SEC merely stands in the way of our enjoyment of our legal rights including our constitutional rights. I hereby call for the immediate end to the existence of the Securities and Exchange Commission. The SEC is clearly unable to remove itself from the position of harm that it has occupied since 1934, so Congress should promptly enact a new law to remove the SEC from the American political process and from the regulatory process for American financial markets. This is clearly the only remedy to the systemic problems being caused by the SEC.

Henceforth, a substantially-smaller number of securities lawyers licensed to practice only before a State securities regulator should assist issuers with capital formation in compliance with State and Federal law, without any SEC Rules or Federal Regulations interfering. The Federal law should be revised, in a new wholesale reform, to defer all rights for securities regulation to the States in which the transactions are occurring. Only this method of regulation is workable in practice, only local regulation over capital formation is economical, sustainable and sensible. States that do not wish to participate in a nationwide stock market provided for by the old rules that created the nationwide stock exchanges can simply ban residents from such exchanges, to prohibit them from sending their capital abroad (and to other States).

Foreign countries impose such capital controls all the time, yet international markets and foreign direct investors continue to invest in emerging markets and to adapt to these foreign regulatory risks anyway.

In my opinion, being required to pay a bribe in order to get your money out of a foreign country is a more honest system of regulation than the outrageous criminal enterprise that the SEC has become!

The idea that we are worthless, and others are worth more than we are, is an idea we can all believe in. The fact that everyone can believe in this idea does not make it true, it just makes it politically easy for the power and the rights of the people to be removed if we are unwilling to defend them with our lives.

“I think we have reached the era of limits. Although we are free, we must live within nature's limits. **It is impossible to defend models that cannot be universally applied because it would mean some people have rights and others don't.** So the problem isn't technological, but ethical.” – MARINA SILVA, former Minister of the Environment, Brazil, appearing in “Surviving Progress” with transcript available at: http://survivingprogress.com/wp-content/uploads/2012/03/SP_transcription.pdf

To unjustly deprive ANYONE of the right to try to raise capital is wrongful, and it is wrongful in a way and on a scale that makes it seem like civil war is the only way to right the wrong. The economic slaves have been declared free to raise capital by the first black president of the United States. Now a political conflict exists over whether to allow this economic freedom to be implemented. Will it be necessary for the slaves to mobilize people against the government in armed conflict for this restored freedom to be achieved in practice? This conflict is insane, and it is destructive to the well-being of the United States.

If the SEC does not implement a reasonable, fair, equitable, open, corruption-free equity crowdfunding regulatory scheme as mandated by Congress through the JOBS Act, a civil war may be the end result.

The SEC has been instructed by Congress, it has been given a mandate, to pass Rules that eliminate the SEC from the process of raising capital. Instead, the SEC has, both with respect to Title II and Title III of the JOBS Act, proposed Rules that insert the SEC more deeply into everything everyone attempts to do when capital is raised in the United States. My comment letters regarding Title II of the JOBS Act can be found online, and have provided responses to every single Request for Comment about general solicitation and general advertising of unregistered securities, which the SEC was mandated to permit:

See: http://www.sec.gov/comments/s7-06-13/s70613.shtml

Prior to the JOBS Act, the fact pattern that would typically emerge in an SEC lawsuit against one of the SEC's offenders who was "charged" by the Commission with violating Federal Securities Law for the wrongful act of speaking publicly about an unregistered securities offering by offering the securities to members of the general public, even through a third-party intermediary (similar to one of the proposed registered crowdfunding portals) consisted of merely establishing that the securities issuer had offered, or caused to be offered, the unregistered securities and then also sold, or caused to be sold, securities in transactions that were not eligible for exemption from registration. In some cases the SEC's offender is accused of violating Federal Securities Law despite the fact that the intermediary failed to comply with the law, and even lied to and stole from investors and the would-be issuer. It appears that the issuer is held liable by the SEC for the actions of the intermediary, presumably on the basis of the idea that it is the responsibility of the issuer to reign in and to control their intermediaries and to ensure compliance.

See: http://www.sec.gov/litigation/complaints/2013/comp-pr2013-199-tdi.pdf

In the case of Thought Development, Inc., cited above, the intermediary paid TDI only $200,000.00 of around $1.3 million that was received from the TDI investors. The SEC has sued TDI for allowing its intermediary to defraud TDI and its investors in connection with purported sales of unregistered TDI securities. The idea that registered crowdfunding portals will not themselves commit such fraud is not an idea that the SEC is going to have any way to confirm when it approves funding portal applications.

The real question is why on earth did the SEC ever create a regulatory regime in which an issuer like TDI would have been inclined to do business with an intermediary who could not be trusted to deliver the capital it had helped to raise on behalf of the issuer? Intermediary fraud and theft is a serious risk, to both investors and issuers, because with the advertising materials produced by the issuer it is easy for the intermediary to deceive investors into believing they are buying securities such as those that TDI wanted to sell. Under the old regulatory regime, issuers such as TDI thought that they needed the help of an intermediary to market securities offerings to investors **BECAUSE SUCH OFFERINGS TO THE GENERAL PUBLIC WERE PROHIBITED**. It was therefore easy for fraudulent intermediary agents (who were, in effect, identical to the proposed registered crowdfunding portals) to convince the issuers of securities to allow them to worry about complex issues like regulatory compliance for the private advertising of securities offerings to people who would end up buying securities without truly being eligible to do so, in transactions that were, at the very least, not registration-exempt Offerings.

As the SEC litigation against TDI demonstrates, the issuer is supposed to know how to create a proper registration-exempt Offering and then to lawfully carry out the sales and marketing. Unfortunately for everyone, the SEC has utterly failed, for the past 80 years, to make that easy for issuers to understand. The case of TDI also illustrates how, after the issuer discovers that they started out with an improperly structured registration-exempt Offering, attempting to fix the problem frequently had adverse impact on the issuer, its officers and directors, and its stakeholders. Instead of litigating against the fraudulent intermediary, TDI is forced to litigate with the SEC in a court that may be biased in favor of the SEC.

The SEC caused the problem: the SEC created a regulatory trap that TDI fell into. Despite apparently being an honest and ethical issuer attempting to commercialize legitimate inventions that have honest business potential and utility to customers, despite being intelligent enough to do the inventing and the work of obtaining patent protection, despite years of effort and investment by the founder and his team, when it came time to invite outside investors to come in and provide additional capital the process was so incomprehensible to TDI that it fell victim to intermediary fraud. This intermediary fraud is entirely the fault of the SEC for failing, on purpose, to do its job properly. This intermediary fraud is the result of the SEC's political corruption. The true purpose of the SEC's rulemaking process and its regulations is obviously to ensure full-employment for securities lawyers, which makes the SEC a criminal racket that the United States Department of Justice can and should attempt to prosecute under the RICO Act.

See: http://en.wikipedia.org/wiki/Racketeer_Influenced_and_Corrupt_Organizations_Act

Furthermore the RICO Act allows us, the victims of the SEC's abuse, to file civil lawsuits against them. Quoting from Wikipedia: "The RICO Act focuses specifically on racketeering, and it allows the leaders of a syndicate to be tried for the crimes which they ordered others to do or assisted them," such as this:

http://wikipedia.org/wiki/Racketeer_Influenced_and_Corrupt_Organizations_Act#AccessHealthSource

"eleven defendants were indicted on RICO charges for allegedly assisting AccessHealthSource, a local health care provider, in obtaining and maintaining lucrative contracts with local and state government entities in the city of El Paso, Texas, 'through bribery of and kickbacks to elected officials or himself and others, **extortion under color of authority**, fraudulent **schemes and artifices**, **false pretenses**, promises and representations **and deprivation of the right of citizens to the honest services** of their elected local officials'" – **there has never been a better summary of the true function of the SEC!**

The question today is whether the new SEC, under leadership of federal prosecutor Mary Jo White, will stop functioning as a Racketeer-Influenced and Corrupt Organization that **time-shifts and place-shifts** the **payment of bribes in order to compel kickbacks to securities lawyers** and others who would not have their casework and income if not for this willful and premeditated institutionalized SEC's abuse.

Congress has mandated that the SEC eliminate the prohibition against general solicitation and general advertising provided that only accredited investors buy the offered securities yet the SEC has refused to comply and it has proposed Rules that it has no intention of letting anyone actually rely on in practice without **extortion under color of authority** and false promises that compel the **payment of bribes and kickbacks**. In the future those very payments will end up being made to the very people, or to the friends and family of the very people, who are presently making these bad Rules at the SEC. Congress has also mandated that the SEC must permit transactions with non-accredited investors provided that a registered crowdfunding portal be used as an intermediary to ensure regulatory compliance, and both of these *forms of crowdfunding* which have been mandated by the JOBS Act were supposed to have been put into effect using common sense and practical steps through new SEC Rulemaking **by July 4, 2012!**

This is outrageous criminal misconduct on a scale that impacts every American and the only possible explanation for why it is continuing, today, is that Mary Jo White has been unable to stop the systemic fraud and corruption that exists embedded deeply within the culture of the SEC. Even the language that the SEC uses in its press releases is obviously designed to deceive people into believing that the SEC holds law enforcement power and is taking law enforcement action when it "charges" civil defendants with an alleged civil wrongdoing in civil court cases that have nothing whatsoever to do with criminal charges thus, in most cases, no criminal prosecutor will agree to prosecute because no crime occurred!

Based on my personal and professional experience, based on my expert knowledge of how the SEC has operated and litigated during the first 80 years of its existence, and based on my extensive review of the SEC's proposed JOBS Act Rules, it is my belief that unless the SEC adopts final Rules that achieve the intent of Congress to clearly, unambiguously, promptly, definitively and irrevocably remove from the regulatory process all fraudulent misrepresentation and wrongdoing by the SEC in order to restore our basic constitutional protections to prohibit the SEC from taking legal action against or threatening to take legal action against any issuer, intermediary or other third-party in connection with our public offerings of unregistered securities, until and unless actual fraud or theft occurs, then the SEC will do as it has done for the last 80 years and continue to willfully fail to design and to implement workable Rules that can be complied with in practice by anyone. With more fraud and deception from the SEC, nobody in America will be able to raise capital with confidence, and no investor will be able to invest with confidence, and no company founder, co-founder, officer or director will be able to build anything with confidence unless bribes and kickbacks are paid to the SEC's corrupt organized crime syndicate.

The only requirement to conclude crowdfunding transactions with either accredited or non-accredited investors should be honest communication between the issuer and the investor. The idea that investors could ever make an informed decision about whether the price being paid for securities is reasonable is an absurd and fully-disproved fallacy. The only factor that matters in determining the reasonable price for unregistered securities is at what price the issuer has sold those securities previously, and to whom. Issuers should not be deceiving investors into believing that other investors are paying a price that is higher than has been truthfully paid. Issuers should not be able to deceive investors into believing that previous investors received securities identical to those being offered presently if the previous investors received superior rights, superior anti-dilution protections, and so forth. In summary, if the issuer is not withholding material information from the buyer about its history of capital formation transactions then the price at which new buyers agree to purchase newly-issued unregistered securities is reasonable.

Many of the SEC's Proposed Rules for Regulation Crowdfunding revolve around the premise that price discovery will be impossible unless issuers of unregistered securities are compelled by regulation to pay for, and publish, the results of audits, background investigations and other material information. But in the real world none of that information is meaningful if the directors and officers of the issuer are unable or unwilling to produce a profit and to share that profit with the holders of the securities. An analysis of the capabilities and the character of the issuer and its officers, directors and key employees is far more important than any other factor in predicting the outcome of an investment, and none of that information comes through an audit, financial statements, legal opinions or other disclosure such as the regulatory filings that the SEC's Proposed Rules are suggesting will be required in order to crowd fund.

The final Rules should not attempt to dictate, nor to replicate, price discovery standards of disclosure in the spirit of the 1934 Exchange Act. The crowdfunding portal should, instead, merely be the definitive third-party intermediary through which records of all prior purchases (and, ultimately, resales) of the unregistered securities should be obtainable. A company such as OTC Markets Group Inc. could then become a registered crowdfunding portal, as could any stock exchange including the NASDAQ Private Market which is presently seeking regulatory approval for a trading platform that may not otherwise include crowdfunding offerings directly from issuers in initial public offerings and secondary offerings.

If the SEC were to require the use of a transfer agent and require the transfer agent to record, and then to publish through a registered funding portal, all purchases and resales of unregistered securities, the price discovery that matters would always be available to anyone considering buying or reselling any unregistered security offered or sold. No other regulatory requirements for crowdfunding transactions are necessary to comply with the JOBS Act, and the SEC should **not add unnecessary requirements**.

The following pages contain my answers to the Commission's Request for Comments 138 through 284.

#138. Q. Should we specify the types of information that an intermediary must obtain from an investor as part of the account-opening process? If so, what information and why? How would this information differ from what intermediaries would be required to obtain to fulfill their anti-money laundering obligations?

#138. A. No, to require intermediaries to obtain any particular information from investors, essentially on behalf of the SEC, would be an illegal Rule not authorized by the JOBS Act legislation. If the SEC wishes to have intermediaries required to obtain certain information in addition to the information now required for anti-money laundering obligations then the SEC should ask Congress to draft new criminal statutes that enhance the anti-fraud information collection obligations of such financial intermediaries.

I strongly urge the SEC to revise the entire conceptual framework it has devised thus far in its absurd malpractice of "rulemaking" for Regulation Crowdfunding so as to explicitly deregulate basic services by broker-dealers to extend federal protection to broker-dealers who provide only transaction clearing and securities custodian functions to anyone who wishes to raise capital from the public in compliance with the JOBS Act. No broker-dealer who provides such clearing and custodian services as a registered intermediary funding portal should ever be exposed to legal liability for doing so, provided that the new JOBS Act Rules are complied with in the process of connecting issuers and investors and allowing any third-parties from discovering each other and forming capital via direct communication about the offer.

I believe that the existing regulatory framework, account opening, anti-money laundering and activity surveillance requirements of licensed broker-dealers are more than adequate for every function required of the "intermediary" referred to by the JOBS Act legislation as a "funding portal" unless the SEC adds unnecessary requirements such as information gathering, communications retention or any liability for operating as the back-office securities support service to issuers for any fraud the issuers may commit.

Buyers can be prevented from violating the JOBS Act most efficiently by encouraging broker-dealers who already are required by existing regulations to "know the customer" to become funding portals. Issuers will also be best-served including in terms of preventing intermediary fraud or theft in this way.

If the SEC expressly permits issuers to self-host Regulation Crowdfunding Offerings on the condition that a licensed broker-dealer serves as the clearing and investor account custodial service provider, the "registered funding portal" could verify investor eligibility as part of customer account management.

#139. Q. Should we permit any exceptions to the proposed requirements to obtain consent to electronic delivery? If so, why and under what circumstances? If an investor does not receive materials electronically, how would he or she be able to participate fully in an offering made in reliance on Section 4(a)(6)?

#139. A. Investors should be allowed to waive these delivery requirements entirely. The Commission needs to stop drafting Rules with the presumption that every single investment made by investors is going to be so dangerous and so large that the buyer must be frightened into fearing bankruptcy if the investment does not work out as expected. Requiring delivery, even electronically, is just chronic SEC's abuse from the ongoing criminal enterprise known as the Securities and Exchange Commission.

#140. Q. Are there any other means of providing information electronically by an intermediary that are not covered in the proposed rules but that should be covered? Are there any means proposed to be

included that should be eliminated or modified? If so, what means are they? For example, should intermediaries be permitted to post information in an investor's account on its platform, without sending a notification that it is posted there? Why or why not? Should different types of information be required to be provided through different means? Please explain.

#140. A. Verified social media accounts belonging to the issuer, and other definitive verified contact information, should be the minimum information that must be conveyed to the investor prior to and after the investor purchases the issuer's securities. None of the requirements in the Proposed Rules are legally-valid interpretations of the JOBS Act legislation. Yes, the intermediaries should be permitted to post information in an investor's account on its platform, whether the registered funding portal is part of a broker-dealer service, stock exchange, quotation service or clearing and custodial service provided by a registered intermediary who is able to provide an API and automated system for self-hosted portals.

#141. Q. Is the scope of information proposed to be required in an intermediary's educational materials appropriate? Why or why not? Is there other information that we should require an intermediary to provide as part of the educational materials? If so, what information and why?

#141. A. No, the intermediary should not be required to provide educational materials. The SEC itself should provide those materials and the only requirement of intermediaries should be to inform both the investors and the issuers of the existence of this extremely-important wealth-saving SEC's education.

#142. Q. Should any of the proposed requirements be modified or deleted, and if so, which requirements and why?

#142. A. Yes, all of the requirements should be deleted. The only reason the SEC's Proposals contain these requirements at all, which are contrary to the statutory language and intent of the JOBS Act, is that the SEC is attempting to ensure that it will have the ability to threaten and bully funding portals into delivering all investor and issuer communications on-demand at any time without a court order:

See: http://www.otcmarkets.com/edgar/GetFilingPdf?FilingID=9681669

I do not understand why issuers or investors would support this NSA-style semi-automated electronic surveillance and, despite the fact that the SEC can get away with this if people do not object to it, in my opinion the SEC should not be attempting to make its surveillance operations look more like the NSA.

Attempting to centralize all communications and divert communications and document disclosures by issuers of unregistered securities through third-party service providers who will effectively gather information on behalf of the SEC, and hold that information for the SEC to subpoena, is outrageous.

If the United States Constitution still means anything, it should be the first Rule that governs here.

The SEC cannot require communications nor documents to be exchanged exclusively via third-party intermediaries over which SEC asserts authority and control. That is not what the JOBS Act mandated.

What the SEC could do, if it wanted to actually solve the crowdfunding portal problems, is provide the services itself that represent the services of concern and of importance to regulatory function. When the SEC chooses not to provide services that it could provide, such as making itself the central clearing and custodial services gateway through which all money and unregistered securities flow after the issuers and investors negotiate crowdfunding transactions directly, the SEC purposefully encourages fraud!

#143. Q. Should we prescribe the text or content of educational materials for intermediaries to use? Why or why not? Should we provide models that intermediaries could use? Why or why not?

#143. A. The SEC itself should publish all of the SEC's Education materials. The SEC itself could also, easily, establish a website where every single would-be investor in unregistered securities must sign up or sign in with a social profile (e.g. Google+, Linked In, Facebook, Twitter, etc.) before the investor would be allowed to participate as an investor in any crowdfunding portal-based, JOBS Act Title III Regulation Crowdfunding transaction. Once signed up with the SEC's Education website gateway for Regulation Crowdfunding, however, the SEC would need to completely get out of the way and stop making threats against investors or issuers and simply let people invest and raise capital without any fear of reprisal or persecution by anyone. Only a duly-authorized law enforcement agency consisting of sworn law enforcement officers who are properly-trained to defend and to uphold the U.S. Constitution and only criminal courts that are not politically-aligned with the SEC or its cronies and co-conspirators should be allowed to intervene in, or conduct electronic surveillance of, capital formation transactions in the USA. Please restore the basic premise of freedom and constitutional protection to this process.

#144. Q. Should we specifically prohibit certain types of electronic media from being used to communicate educational material? If so, which ones and why?

#144. A. No. I hope to see TXT / SMS messages become the basis of many crowdfunding sales. I hope to see every social network flooded with legitimate offers of unregistered securities for everything that people do and for every material relationship that people voluntarily form with their online friends. I hope to see “branded” BitCoin offerings that enable individual issuers of unregistered securities to create BitCoin Securities that anyone can value and trade in the secondary markets post-issuance, so that nobody ever has to deal with paper stock certificates ever again and so that no centralized exchange is required in the future in order to buy, sell and resell unregistered securities. The SEC should be allowing these and other technological innovations to simply occur if people want them, and the SEC should simply be working on helping all of humanity with basic SEC's Education because the only protection that anyone has, in reality, is their own good decision-making and true “Cyber literacy.”

The SEC obviously has a duty to try to protect the illiterate. However, it should not be making Rules that presume the illiterate must be saved from themselves nor presume everyone to be SEC's offenders.

#145. Q. Should we require intermediaries to submit the educational materials to us or FINRA (or other applicable national securities association) for review? Why or why not? If we should require submission of materials, should we require submission before or after use, when they are first used, when the intermediary changes them or at some other point(s) in time? Please explain.

#145. A. No. All SEC's Education must come from the SEC itself. Many of us would be glad to help the SEC create such educational materials as an open source Wiki and in the form of other new media.

#146. Q. Should we require intermediaries to provide educational material at additional or different specified points in time, rather than only when the investor begins to open an account or make an investment commitment? Why or why not? If so, why would that be preferable to requiring updates on an asneeded basis? For example, should educational material be provided on a quarterly, semi-annual, or annual basis? Should this material be provided again to investors who have not logged onto or accessed an intermediary’s platform for a specified period of time? Why or why not? If so, what should that period of time be?

#146. A. Only the SEC should be delivering SEC's Education, and it is extremely important that the SEC educate everyone, especially issuers, not just the investors. The reason that most investments fail is that the people who create them and offer them to others are incompetent and uneducated in finance. Most failure has nothing to do with fraud or theft, and with quality SEC's Education financial health would be easier for all of society to protect. Prophylactic cyber finance technology and services will, in my opinion, become a growth industry in the future, with or without the SEC's Education.

#147. Q. Should the proposed rules require intermediaries to take any different or additional steps to help achieve compliance with the requirement for promoters to disclose the receipt of compensation? If so, what other steps would be appropriate and why?

#147. A. I have tried to comprehend how, exactly, the SEC's Proposals are going to allow unregistered securities issuers and/or intermediaries to compensate promoters in compliance with the JOBS Act. My reading of the JOBS Act legislation tells me that the SEC's Proposed Rule is in direct violation of the JOBS Act statutory language which clearly prohibits the payment of any kind of compensation to any kind of promoter in connection with any Offering made publicly through a Title III funding portal.

The SEC's Rulemaking procedure is so broken and so illegal that it hurts my brain to try to understand.

#148. Q. Should the proposed disclosures to investors be required to be made at some time other than at account opening? For instance, should the reminder about disclosure obligations be made each time an investor accesses the intermediary's platform or the communication channels provided by the intermediary? Why or why not?

#148. A. The SEC's Education should be displayed on every page of a funding portal's website, with a link to the SEC's Education resource hosted by the SEC. I have previously recommended something like hashtag #RULE509 which could be the minimum standard investor warning/education disclaimer.

See: https://www.google.com/search?q=%23RULE509&oq=%23RULE509

The SEC's website currently does not have a page for Rule509:

See: http://www.sec.gov/rule509

The SEC's Educators should make use of Rule 509 as the means of educating investors and issuers.

#149. Q. The proposed rules would require disclosure be made to investors, in relation to obligations of any person who receives compensation, whether in the past or prospectively, to promote an issuer's offering, or who is a founder or an employee of an issuer that engages in promotional activities on behalf of the issuer on the intermediary's platform. Should the obligations apply to other classes of persons as well, such as affiliates of the issuer, regardless of whether they are engaged in promotional activities? Why or why not?

#149. A. Despite substantial effort to comprehend how the SEC's Rules will comply with the JOBS Act in terms of promotional compensation, I cannot understand this. It is extremely frustrating to be unable to comprehend how anyone will ever pay anyone else for promotional services in connection with any unregistered securities Offering under the JOBS Act, because the SEC has an 80-year-long abusive history of litigating against and making false accusations against anyone who does such things. In my opinion, the SEC is knowingly proposing a Rule that is illegal and that it does not intend to honor!

#150. Q. Is the requirement for an intermediary to disclose how it is compensated an appropriate requirement? Why or why not? Would a time other than at account opening be more appropriate for this disclosure? Please explain.

#150. A. This question is irrelevant. It is a red herring. The SEC needs to completely revise and dramatically simplify the concept of the funding portal intermediary, and do so in a way that can be put into practice within 90 days. I suggest that the SEC publish Final Rules that are identical to the JOBS Act statutory language, with no additional words. The SEC should then make it clear that it will issue a No Action Letter to literally anyone who asks for one, and the combination of No Action Letter and the enacted Rule that is identical to the JOBS Act statutory language will create the maximum freedom to conduct business and to form capital in the United States until such time as Congress revises or repeals JOBS Act legislation. In all of this, anti-fraud statutes and the Department of Justice will still govern!

#151. Q. Should the proposed rules include any additional requirements with regard to disclosure of compensation? If so, what other requirements would be appropriate and why?

#151. A. The SEC's Proposed Rules are so defective that this question is irrelevant. However, if the SEC wanted to make it workable for issuers and promoters to communicate clearly and honestly with the public about the subject of compensation, the SEC should make it absolutely clear that issuers are the only ones who are authorized to sell their unregistered securities and that only issuers have the authority to compensate promoters, intermediaries and other service providers for their help with the capital formation process and that the issuer has full control and the sole authority to decide who to compensate and how much to pay them, and investors are investing in a belief that the issuer is going to be capable of making wise compensation choices. Allowing broker-dealers to help with every step in this process as the back-office funding portal support for investors is the only regulatory regime that makes common sense. To make this happen the SEC must strongly advocate for it through Rulemaking process and its public interpretive guidance papers, and the SEC must eliminate all possible liability for the broker-dealer for any action or fraud committed by the issuer if the broker-dealer merely provides account management for the investors in the form of transaction clearing and custodial services.

#152. Q. While the proposed rules do not specify the types of information that an intermediary must obtain from an investor at the account opening stage, we recognize that this stage provides an opportunity for intermediaries to collect certain demographic information about investors. Although some information intermediaries would collect from investors might already be required under their anti-money laundering obligations or pursuant to registered national securities association rules, there is some information about investors which might not be required to be collected but which, without involving disclosure of any personally identifiable information of investors, could help us and the applicable national securities association to better understand the level of investor sophistication in this market and investor protection needs, among other things. For instance, connecting certain demographic information to offering characteristics and outcomes could help in the evaluation of the effectiveness of crowdfunding in raising capital for startups and small businesses. The information that could be collected includes, for example, demographic information about investors that excludes any personally identifiable information and is aggregated on a per offering basis, indicating characteristics such as education level, income, wealth, geographic distance from the issuer and professional affiliations. At the same time, we recognize that requiring the collection of this data could likely increase the burden on investors and intermediaries participating in transactions conducted pursuant to Section 4(a)(6). Should we require intermediaries to collect and provide some or all of this information to us and the applicable national securities association? Should some or all of this information be made more widely available? Why or why not? If so, which metrics should we require, and in what format, if

any, should we require it be provided? To what extent do brokers already collect this information for offerings in which they are involved? Is there a particular point in time or method that would be more appropriate or convenient for intermediaries to collect this information? Would a requirement for intermediaries to collect this information at the account opening stage discourage investors from opening accounts with intermediaries, and ultimately limit the ability of issuers to raise capital in reliance on the exemption in Section 4(a)(6)? Please explain.

#152. A. There should be no mandatory requirement for information to be obtained from investors beyond that which are already required when an investor opens a brokerage account.

#153. Q. Should we require intermediaries to continue to display issuer materials for some period of time after completion of the offering? Why or why not? If such a requirement were used, which time period would be appropriate? Why? What would be the potential costs and benefits associated with any such requirement?

#153. A. I believe that the issuer themselves should be required to publish all investor materials in perpetuity through its own website or through other definitive electronic communications resources. There is no purpose served, for the issuer or anyone else, to removing historical information from general publication. Everyone in the entire world is made more stupid when the truth about where successful companies came from is obscured and lost to the public, and we are already stupid enough.

I do not believe that intermediaries should be the ones who display issuer materials. I believe it is more appropriate for issuers to display their own materials and for intermediaries merely to link to or embed remote-hosted materials published and under the control of the issuer. This requirement, that registered funding portals be PROHIBITED from hosting issuer materials, will require any issuer who wishes to communicate with the public to have control over an electronic publishing point that is able to survive under as much simultaneous investor demand as the issuer expects to successfully produce through their promotional efforts and with the help of the intermediary funding portal's audience participation.

If an issuer is unable to coordinate the basic technical dynamics of mass communication with the public then that fact alone should be self-limiting for the issuer. If the issuer wishes to offer and sell securities to the general public then it should be willing and able to improve its technical competency and add to its communications policies and procedures so that large-scale public communications become possible for the issuer. Today, every person and every company can get a free social media profile that is able to facilitate mass communications at not cost to the issuer. The SEC's requirements should not ignore this.

#154. Q. Section 4A(a)(6) requires an intermediary to make available the information that an issuer is required to provide under Section 4A(b). Should we require an intermediary to make efforts to ensure that an investor who has made an investment commitment has actually reviewed the relevant issuer information? Why or why not? If so, how could we implement this?

#154. A. The intermediary should not be allowed to be in the middle between issuer and investor for the purposes of such communications and disclosures. Issuers should predominantly self-host offerings under Regulation Crowdfunding Rules, and in this new regulatory regime I believe it is appropriate for the issuer to be required to take “reasonable steps” to confirm that the investor has reviewed disclosure materials that the SEC's Rules may end up requiring – especially the SEC's Education from SEC.GOV.

#155. Q. Instead of, or in addition to, requiring that intermediaries make issuer information available on their platforms, should we require that intermediaries deliver this information to investors? Why or

why not? If so, should we specify a particular medium, such as email or a screen the investor must click through?

#155. A. Only the issuer should be delivering issuer information to investors. Allowing intermediary delivery of this information is harmful to Cybersecurity and counterproductive to regulatory safety.

#156. Q. Should we consider timeframes other than the minimum 21 days from the time an issuer offers securities on an intermediary's platform, during which the offering information should be made available?

#156. A. Offering securities on intermediary funding portal should consist of the issuer self-publishing said information and the funding portal providing links or embedding of the remote-hosted media.

#157. Q. Should some or all of the issuer's offering materials be required to remain on an intermediary's platform after the close of an offering? Why or why not? If so, for how long?

#157. A. None of the offering materials should ever be located on the intermediary's platform. The comprehensive history of the funding portal's linking or embedding of remote-hosted issuer materials should be available to the public in perpetuity for as long as the intermediary exists. When a registered funding portal ceases to exist, the SEC should take over the responsibility of preserving this history.

To the extent that issuers will also cease to exist, and thus stop self-publishing historical issuer materials, the SEC should consider making a comprehensive snapshot of all issuer self-published materials and to make those materials available itself in addition to the issuer. If Edward Snowden can use a webcrawler to steal millions of top-secret documents from the NSA and give them to the press then surely the SEC could figure out how to set up a webcrawler that archives all issuer materials that are being promoted with the help of each registered funding portal. See:

http://bloomberg.com/news/2014-02-09/snowden-used-web-crawler-to-scrape-nsa-new-york-times.html

#158. Q. Is the proposed approach for establishing compliance with investment limits appropriate? Why or why not? Is there another approach that we should consider? Please explain.

#158. A. Investors should self-certify compliance with investment limits. The certification should occur directly to the SEC so that the SEC can file lawsuits against them and send them subpoenas. That's what the Proposed SEC's Regulations are supposed to enable, anyway, so why lie about it?

#159. Q. As mentioned above, we are proposing that an intermediary may rely on the representations of a potential investor. Is this an appropriate approach? Why or why not? Is there another approach we should consider? Please explain.

#159. A. Require the potential investors to swear that they are being truthful in a communication with the SEC so that the SEC can file lawsuits against investors who misrepresent their financial status.

#160. Q. Should we require an intermediary to avail itself of readily available information concerning investor limits, such as a centralized database containing information relating to whether particular investors were in compliance with the investment limits, should one become established? Why or why not?

#160. A. The SEC's Offender database should be established by the SEC and it should include known offending investors so that the SEC can be the only authority responsible for maintaining the no-fly list.

#161. Q. Should we require intermediaries to request other intermediary accounts that an investor may have before accepting an investment commitment? Why or why not?

#161. A. No. Investors should be allowed to lie, under oath, in a sworn statement to the SEC, so that the investors can be sent to prison when they deceive issuers in order to try to make a profit from investing.

#162. Q. Should we require intermediaries to have investors acknowledge issuer-specific or security-specific risks as part of the transaction process? Why or why not? If so, to what extent?

#162. A. No, the intermediaries should not be expected nor required to comprehend issuer-specific or security-specific risks. The SEC should impose #RULE509 and “SEC's Education” requirements only.

#163. Q. Are there considerations relating to investor acknowledgments we should take into account, other than those discussed above? Is the proposed requirement to obtain an acknowledgement as to investors’ understanding of their ability to cancel investment commitments appropriate? Why or why not? Should we require acknowledgement of investors’ understanding of any other matters? Why or why not? If so, which ones and why?

#163. A. All investor acknowledgments should be received and memorialized through the SEC itself. Please ensure that SEC obtains definitive sworn statement affirmations from investors that they have reviewed and fully understand all of the #RULE509 and “SEC's Education” materials and disclaimers.

The final Rule should require acknowledgment of investors' understanding that ONLY STATE LAW of the State in which the issuer is domiciled will control the issuer's ability to dilute and otherwise deprive the investor of any actual future economic value which appears to be promised through the securities.

#164. Q. Are there any matters apart from the risks identified above that we should require to be addressed in the investor acknowledgements? If so, which ones, and why? How should they be addressed?

#164. A. Somehow the SEC should verify that issuers and investors are adequately trained with civics lessons about how the creation of new economic value and the sharing of that value benefits everyone more than attempting to steal economic value from each other. The fact that Mark Zuckerberg holds unilateral control over Facebook, and could, if he wished to do so, dilute every holder of Facebook shares and take all of the value of Facebook for himself is meaningless in practice because if he did such a thing his business would collapse and nobody would want to own his shares and his competition would take over as the dominant social network in the world. Investors need the SEC's Education to comprehend that many if not most small business issuers are incapable of sharing economic value because they are stuck in survival mode, emotionally, and only perceive their immediate fiscal limits.

The growth of a company into a successful investment vehicle through which control and economic value can be equitably shared is extremely difficult, emotionally, for most people. Investors urgently need to comprehend this, as do issuers, and this truth should be part of the investor acknowledgments.

#165. Q. Should we provide a recommended form of questions and representations? Why or why not? If so, should the Commission provide the form as a starting point, and not a safe harbor, so that

intermediaries can adapt the questions and representations to particular offerings? Why or why not?

#165. A. The SEC's Education and investor acknowledgments SHOULD BE A SAFE HARBOR!

As long as the issuer has received the acknowledgments from the investor, no civil action should be possible against the issuer if it subsequently decides to take actions adverse to the investor's interests. The “Business Judgment Rule” should be able to limit liability for director and officer decisions, and investors should be aware that they are not going to be able to invalidate that core legal principle.

See: http://en.wikipedia.org/wiki/Business_judgment_rule

“To challenge the actions of a corporation's board of directors, a plaintiff assumes "the burden of providing evidence that directors, in reaching their challenged decision, breached any one of the triads of their fiduciary duty — good faith, loyalty, or due care".”

The SEC's definitive set of questions and representations, which presumably will evolve over time and be enhanced in response to real-world events and guided by jurisdprudence on these matters, should not be a Rule requirement but should instead be a Safe Harbor so there is incentive for issuers to use them.

To make these, or any SEC's Education or acknowledgments by investors, mandatory for regulatory compliance would be illegal because such mandatory requirements are not stipulated by the JOBS Act.

#166. Q. Should we require intermediaries to provide communication channels, as proposed, on their platforms? Why or why not? If not, what other methods of communication could, or should, be used and why?

#166. A. No, definitely not. Requiring intermediaries to provide communication channels and making it a SEC's Offense to communicate outside of the institutionally-required channels is exactly the same as making it illegal to have sex outside of marriage. Such communication might produce offspring, in the form of new unregulated, unregistered companies, and it is obvious that the SEC is trying to prevent such illegitimate children of free communication. If an arbitrary investor/issuer pair decide to make a corporate baby together, without the blessing of the church or state, making that act illegal and filing lawsuits or threatening the pair with prison for doing so would be totally outrageous and dumb. There is an appropriate role for regulatory controls, and when the SEC proposes to mandate the use of an intermediary's communication channels like it has, the SEC crosses into the absurd and threatens to drag the entire country, perhaps the world economy, back into the repressive and depressive 1930s.

#167. Q. Are the proposed conditions imposed on the requirement to provide communication channels appropriate? Why or why not? For example, should the communications on the channels be available for public viewing or participation? Why or why not? What other restrictions, if any, should communication channels be subject to, and why? For example, should we require more specific actions for intermediaries to take in order to ensure adequate disclosure of issuers’ and promoters’ communications? If so, what actions and why?

#167. A. Eliminate all requirements related to communication channels. They are repressive and dumb. Investors should decide, based on their own beliefs about whether they find an issuer attractive within the jurisdiction of the SEC's Rules, whether they wish to impregnate the issuer with their capital.

#168. Q. Under the proposed rules, we limit the ability to post in the communication channels to only

those persons who have opened accounts with the intermediaries and thereby identified themselves to the intermediaries. Is this restriction adequate? Why or why not? Would it be appropriate to permit anyone, including persons who have not identified themselves in any way, to post comments in intermediaries' communication channels? Why or why not?

#168. A. Eliminate all restrictions or requirements relating to communication channels. The SEC is being willfully stupid when it pretends that there are not other jurisdictions in the world where any natural person, including a U.S. person, could form a new company and raise capital instead. Either the USA is going to become the world leader in crowdfunding or it is going to lose its position in the world economy. The very thing that was outlawed during the Great Depression, offers or sales of unregistered securities to the general public, is now obviously the future of the entire global economy. Whichever nation opens the doors to new venture finance most successfully and most transparently will be the nation to which the productive capital and creative force of the world population migrates next. When the SEC proposes to prohibit speech of any kind, including anonymous speech, surrounding capital formation efforts, it violates the U.S. Constitution and undermines the future of the U.S. economy.

I have communicated for years with other investors, issuers or unknown third-parties by way of online discussion forums, particularly relating to issuers' unregistered securities, such as via Investor's Hub.

See: http://investorshub.advfn.com/Adia-Nutrition-Inc-ADIA-17566/

The fact that such communications are challenging to moderate when anonymous parties post lies or nonsense, or when issuers pay promoters to pretend to be excited about investing in an issuer's shares, is totally irrelevant and should not be regulated by the SEC in any way whatsoever. What the SEC should be regulating is something that it has only recently started to actually do something about: the problem of fraudulent securities being issued in the name of hijacked corporations using stolen or fake identities, the opening of brokerage accounts using fake or stolen identities, and the related problem of short-sellers who are able to manipulate the market price of illiquid securities while extracting profits from such fraudulent brokerage accounts then transferring these illegal profits to themselves overseas.

The SEC knows, from its prior and ongoing investigations, that this is already happening on a large scale in the U.S. markets and that this is one of the reasons it is proposing to try to prohibit anonymous speech regarding unregistered issuers' securities offerings. The SEC should solve these problems at the source, not at the location in cyberspace where the speech occurs. Let issuers decide how to moderate communications with investors, and investor discussions, and encourage issuers to do this themselves.

#169. Q. The proposed rules would require any person posting a comment in the communication channels to disclose with each posting whether he or she is a founder or an employee of an issuer engaging in promotional activities on behalf of the issuer, or is otherwise compensated, whether in the past or prospectively, to promote the issuer's offering. Should we impose this requirement on other types of persons as well, such as affiliates of the issuer, regardless of whether they are engaging in promotional activities? Why or why not?

#169. A. I do not believe it makes sense to attempt to require such content in communications. What is the SEC going to do, revoke registration exemption if an issuer's insiders violate this Rule? Would the Commission like to see how easy it is for anyone's identity to be stolen for the purposes of fabricating a false posting that violates this Rule? What does SEC propose to do when an insider's personal computer is hijacked by a cyber criminal who posts such a message in the name of the insider, using the insider's own computer? If SEC proposes to do nothing, then "cyber hijacking" will be the affirmative defense.

#170. Q. Should we require the intermediary to maintain the communication channels of its platform during the post-offering period, in order to permit communication between investors and the issuer after the offering has completed? Why or why not? If so, for how long after the offering is completed (e.g., for one month, for six months, for one year, or longer) should the intermediary be required to maintain the channels?

#170. A. I would rather see the final Rule expressly PROHIBIT the intermediary to facilitate any such communication channels than to see the final Rule require such communication channels or impose any requirement for retention in the post-offering period. What issuers should be setting up, themselves, either self-hosted on their own websites or as a feature of their social media profiles, is permanent investor communications resources and open forums that the issuer is capable of operating indefinitely.

#171. Q. Would the notifications we are proposing to require be useful to investors? Why or why not? Should we provide further specificity as to when notice must be provided?

#171. A. It is a violation of JOBS Act statutory language for the SEC to impost any such requirements.

#172. Q. Are there any other circumstances under which an investor should receive a notice? If so, under what other circumstances?

#172. A. It is a violation of JOBS Act statutory language for the SEC to impost any such requirements.

#173. Q. Are the proposed requirements for fund maintenance and transmission appropriate? Are there other types of custody arrangements that we should specifically permit? Why or why not? If so, what types of arrangements should we permit and how would they protect investor funds?

#173. A. The only investor fund maintenance and transmission method that should be allowed, if the SEC is not going to do this clearing and custodial function itself, is for a registered broker-dealer to do this on behalf of the issuer and the investors. Investors should not be providing funds directly to issuers in Title III Regulation Crowdfunding transactions, despite the fact that the JOBS Act statutory language appears to require the “funding portal” to not handle securities clearing or investor funds. In my view, the broker-dealer is not going to be the “funding portal” itself simply by virtue of providing these back-office services, and I also believe that if the SEC keeps the compliance burdens of becoming a new registered “funding portal” reasonable enough then a large number of issuers would self-host their own “funding portal” (just for their own offering) even though doing so requires posting a $100,000 bond.

If the SEC crafts the final Rules so as to allow issuer self-hosting with the help of a broker-dealer for clearing and custodial services, then the statutory requirement that the “funding portal” not handle the securities clearing and investor funds will be satisfied – furthermore, all JOBS Act statutory language that appears to prohibit compensation of promoters and that prohibits the “funding portal” from owning any of the securities and so forth are each obviously referencing the scenario in which the portal is acting as an unlicensed broker intermediary for many issuers' offerings. None of that language would be relevant, thus SEC's final Rules could ignore it, in the case where an issuer self-hosts its own portal.

#174. Q. Should we prohibit any variations of a contingency offering, like minimum-maximum offerings? Why or why not? Should we require that offerings made in reliance on Section 4(a)(6) be conducted on an ‘‘all-or-none’’ basis? Why or why not?

#174. A. Do not prohibit any variation of Offering. Do not require all-or-none. Let issuers and investors

decide what works and what doesn't and to discover their own “why” in the process.

#175. Q. Instead of a requirement to transmit funds ‘‘promptly,’’ as proposed, should we establish fixed deadlines for transmission, such as three business days? Why or why not?

#175. A. Standard 3-business-day clearing of trades should be required, as should a broker-dealer clearing firm be required without exposing that third-party to any issuer fraud liability risk, etc.

#176. Q. Should we expressly incorporate into the rules prior Commission, SRO and staff guidance regarding Exchange Act Rule 15c2–4 on, among other things: (1) The meaning of the phrase ‘‘distribution’’; (2) the meaning of ‘‘prompt transmittal’’; (3) the payment mechanics for escrow arrangements; (4) ‘‘receipt of offering proceeds’’ in the context of payment by check; (5) ‘‘prompt deposit,’’ as it applies to the use of segregated deposit accounts; and (6) specifics as to who could act as the ‘‘agent or trustee’’ maintaining the segregated deposit account? Why or why not? Should any other specific guidance regarding Rule 15c2–4 be explicitly incorporated into the rules? Please explain.

#176. A. Only if the final Rules expressly require, as I have suggested, a registered broker-dealer who can, without liability, function as the clearing and custodial agent on behalf of the issuer and/or portal.

#177. Q. Should we expand the definition of ‘‘qualified third party’’ to include entities other than a bank? Why or why not? If so, which ones? Please explain how other entities could adequately safeguard customers’ funds and securities?

#177. A. Banks are unable to serve as the “qualified third party” – it is stupid to allow any party other than registered broker-dealers to serve this function in connection with Regulation Crowdfunding sales.

#178. Q. Should we require funding portals to maintain a certain amount of net capital? Why or why not? If so, what would be an appropriate amount, and how should that amount be determined?

#178. A. Requiring the “portal” to use the services of a registered broker-dealer solves this entire potential problem and would allow anyone, including issuers, to register as crowdfunding portals.

#179. Q. Should we require or prohibit certain methods of payments for the purchase of securities under Section 4(a)(6)? Why or why not? Are there any particular concerns raised by different methods? Would it depend upon whether a broker-dealer or funding portal is facilitating the transaction? Why or why not?

#179. A. Any payment method should be allowed for the purchase of securities under Section 4(a)(6). Leave this question up to the investors, issuers and broker-dealers involved to decide for themselves.

#180. Q. Are the proposed items of disclosure appropriate? Should we require more or less disclosure? Please explain. Should the disclosure items differ from those in Rule 10b–10? Are there any proposed disclosures that should be modified or deleted? Why or why not? If so, what different items should be included and why? Should the proposed notification requirements be deemed to be satisfied if an intermediary complies with Rule 10b–10? Why or why not? If we take this approach, would this confuse investors?

#180. A. Everything the Commission has done related to the JOBS Act has already confused investors. The SEC does not have authority to impose disclosure requirements pursuant to the JOBS Act statute.

#181. Q. As mentioned above, we do not expect that investors would negotiate individualized compensation agreements with intermediaries in the crowdfunding context. Is this expectation appropriate? Why or why not? Should the proposed rules require disclosure of these arrangements, and if so, in a way that would be similar to or different from what is required under Rule 10b–10? Please explain.

#181. A. This expectation seems appropriate, but I would like to see one scenario expressly permit an individualized compensation agreement: the scenario in which an investor commits to more than one investment over time, up to the annual limit contained in the final Rules. An investor who wishes to provide annual or other periodic investment capital to an unregistered issuer may be more inclined to invest and may be more inclined to wish to negotiate with the intermediary over customer-facing fees.

#182. Q. Are the proposed requirements for cancellations and notifications appropriate? Why or why not? Should investors be permitted to withdraw commitments at any time until the offering closes? Should investors be provided with additional time to cancel their commitments after the closing of the offering if the commitment was made within 48 hours of the offering deadline? Would some time period other than 48 hours be more appropriate? Do the proposed rules, whereby an investor cannot cancel commitments made within 48 hours of the offering deadline, strike the appropriate balance between (1) giving investors the ability to cancel commitments in light of new views expressed in the crowd and (2) providing issuers with certainty about their ability to close an offering by meeting the target offering amount? Please explain. What are the advantages and disadvantages of any alternative time period? Should no new investment commitments be permitted after a date that is two full business days prior to the beginning of the 48-hour period when investments are no longer cancellable? Why or why not?

#182. A. I do not have an opinion about any of these questions. Keep it simple for everyone, please.

#183. Q. Should an investor be required to reconfirm his or her commitment to invest when a material change has occurred? Why or why not? Is the five business day period for reconfirmation after material changes appropriate? Would another time period be more appropriate? If so, what time period and why?

#183. A. No, do not require reconfirmations. Investors should presume that any change being made is going to be honest and in the best interests of the company and all of its stakeholders. To make any other presumption would be nonsensical because to presume otherwise would mean the investor would choose not to invest. Any right of cancellation prior to the closing date should suffice, and investors should be required to keep themselves informed of any material changes and the current crowd opinion.

#184. Q. The proposed rules provide a mechanism by which existing disclosure materials can be modified in the event of a material change, with the original offering remaining open. Should the proposed rules require that an offering be cancelled in the event of a material change, and then, if the issuer desires, reopened in a new offering that includes the revised disclosure? Why or why not?

#184. A. The final Rules should not impose any requirement for offerings to be cancelled in the event of a material change. Investors who do not remain informed up to the date of final right of cancellation after they make an investment commitment should be required to settle the purchase just like any other purchase of any registered security. It is very difficult to imagine how any SEC Rule could stop issuers from changing the terms of the Offering at the last minute prior to the close of the transaction. In most cases, in practice, issuers can change effective rights and ownership interest of their securities, anyway!

#185. Q. Are there any other circumstances under which an investor should receive a notification? If so, under what other circumstances? Should we provide further specificity on when notifications must be provided?

#185. A. I do not see any point in requiring notifications. Under any final Rule that the SEC devises, it will still be possible for issuers to finish the sale of their unregistered securities and then immediately dilute and otherwise restructure to arbitrarily revise terms of the Regulation Crowdfunding Offering. The bottom line will always be that the investors need to make a wise choice about whom they trust to work on growing a valuable security on their behalf and if investors make the wrong choice they'll lose.

#186. Q. Under the proposed rules, in the event of a cancellation an intermediary would be required to provide a notice to prospective investors within five business days. Is this requirement appropriate? Should the time period be longer or shorter, such as 3 business days or 10 business days? Why or why not? Should we include any other notification requirements in the event an offering is canceled? If so, what requirement should we include and why?

#186. A. Issuers should be able to cancel the proposed Offering at any time for any reason prior to the date of final settlement 3 business days after the Offering's closing date.

#187. Q. Should we permit an intermediary to compensate a third party for directing potential investors to the intermediary’s platform under the limited circumstances described above? Why or why not? Should any disclosures be required? Why or why not? Please identify reasonable alternatives to this approach, if any.

#187. A. I have not been able to comprehend how the SEC has authority to override the clear statutory language of the JOBS Act by proposing to allow compensation to any form of promoter or third-party.

If the SEC is going to ignore the law and do whatever it wants to do, then it should do the sensible thing and create a completely free and accessible marketplace for unregistered securities in which no disclosure is required and no liability exists for any third-party promoter provided that such parties are not inserting their own communications or altering the communications of the issuer in any way in the process of helping the issuer to attract additional prospective investors. Issuers should be free to form economic relationships with promoters or other third-parties to whatever degree they deem appropriate.

#188. Q. What other concerns may be relevant in the context of third parties referring others to intermediaries, and how could they be addressed? For example, should compensation be limited in some additional way? Please explain.

#188. A. Third-parties should be able to refer others to intermediary or individual Offering websites in exchange for compensation of any kind. However, JOBS Act statutory language clearly prohibits this.

#189. Q. Is the proposed method for registration appropriate? Why or why not? Are there methods that would be less burdensome to potential funding portals while not impairing investor protection? If so, what are those methods?

#189. A. The proposed method for registration is unduly-burdensome and precludes the option for an issuer to become their own registered crowdfunding portal in a simple and straight-forward manner. I would rather post a $100,000 fidelity bond for my Regulation Crowdfunding Offering to become my own portal just for crowdfunding my own unregistered securities offering than use a third-party portal.

#190. Q. Should we impose other restrictions or prohibitions on affiliations of the funding portal, such as affiliation with a registered brokerdealer or registered transfer agent? If so, what are they and why?

#190. A. Funding portals should be required to use a registered broker-dealer for clearing and custody.

#191. Q. Should the Commission, as proposed, permit a funding portal to have multiple intermediary Web sites under a single registration application? Why or why not?

#191. A. Yes, especially if the Commission permits issuers to self-host their own Title III Offerings.

#192. Q. What type of web-based registration should the Commission use for accessing Form Funding Portal? Would a system like EDGAR be appropriate, or would a different type of system be preferable? Why?

#192. A. EDGAR would be appropriate in any event for all of the filing and registration requirements.

#193. Q. Should we consider alternatives to creating a new form for funding portal registration? Should we amend the existing Form BD to provide for funding portal registration? Why or why not? Which questions on Form BD would be relevant to funding portals and why? Are there other questions we should include for funding portals that are not on the proposed Form Funding Portal or in existing Form BD? If so, which questions and why?

#193. A. I do not have an opinion about these questions. Keep it simple, please.

#194. Q. Are there types of information (other than personally identifiable information) required by proposed Form Funding Portal that should not be made readily accessible to the public? If so, what types of information and why?

#194. A. No. Nothing that the Commission tries to hide from the public is hard for identity thieves to obtain elsewhere at little or no cost. The Commission should consider allowing all of these forms to be submitted by an attorney or somebody who holds power of attorney for the filer, on behalf of such person or company, identifying the applicant but providing only details for how to contact the attorney.

#195. Q. Should we require the identifying and contact information requested on Form Funding Portal, or should it be modified in any way? Should additional information be required? If so, which information and why?

#195. A. The Commission should revise the proposed application process for Funding Portals to allow issuers to become their own self-hosted Portals, provided that a broker-dealer is involved as the clearing and custodial agent.

#196. Q. Are the proposed disclosures in Form Funding Portal unduly burdensome? Are there certain requirements that should be eliminated or modified? Which requirements and why? Would such changes be consistent with investor protection?

#196. A. I do not suggest eliminations or modifications, only additions to make this work in practice.

#197. Q. Should proposed Form Funding Portal be modified to request from funding portals a narrative description of their compliance programs and due diligence procedures with respect to issues? Would

some other form of reporting be more useful? Why or why not?

#197. A. No.

#198. Q. Are the proposed representations required of a person who executes Form Funding Portal appropriate? Should the Commission require attestations? If so, from whom?

#198. A. No changes.

#199. Q. Should we require any other information from a funding portal that is withdrawing from registration?

#199. A. No.

#200. Q. Is it appropriate for us to require a funding portal to have a fidelity bond? Why or why not?

#200. A. Yes. In the event that investors are harmed by a Funding Portal, in all probability it will be the first victims who will find that they need access to a legal remedy and the fidelity bond ensures that there is a method whereby legal action can be taken seeking to reimburse those victims' relatively-small individual losses. By the time a few investors realize they have been harmed, other investors will surely be warned away from any Funding Portal that is engaging in a wrongful act related to investor funds.

#201. Q. With respect to the fidelity bond requirement, is the proposed coverage of $100,000 appropriate for funding portals? If not, what other amount or formula for calculating the required amount would be more appropriate and why?

#201. A. Yes. This amount should even be compatible with a self-hosted Funding Portal if the final Rules were to permit issuers to rely on their own websites and other mechanisms for this functionality.

#202. Q. Is it appropriate to require the fidelity bond to cover associated persons of the funding portal? Why or why not?

#202. A. Yes. In the event that an associated person misrepresents to investors that they are authorized to issue securities, the fidelity bond should cover at least the first $100,000.00 of that liability.

#203. Q. Are there other specific terms of a fidelity bond that we should consider requiring? If so, what terms and why?

#203. A. If issuers are allowed to function as their own Funding Portals with broker-dealer support for clearing and custodial services then the terms of the fidelity bond will need to address this scenario.

#204. Q. Apart from requiring a funding portal to have a fidelity bond, is there some other requirement that could be imposed on funding portals, like insurance or something similar to SIPC, which would further protect investors? If so, what type of requirement and why?

#204. A. The Commission should not only be concerned about protecting investors, but it should also be concerned about protecting issuers. When I spend substantial amounts of money advertising my crowdfunding Offering, I do not want that investment diverting my potential investors to somebody else's crowdfunding Offering that happens to be hosted on the same “Funding Portal” platform. In my

opinion, the Commission's final Rules need to protect issuers' rights in order to protect the issuers' investors, especially the issuers' earliest investors and, importantly, its founders who are, after all, the most important investors from whose risk-taking, hard work, investment and skill all new value grows!

I urge the Commission to permit issuers to host their own crowdfunding in a simplified and limited fashion provided they register as a Funding Portal, obtain a fidelity bond and hire a broker-dealer.

#205. Q. Is the term nonresident funding portal defined appropriately? If not, how should it be modified? Please explain.

#205. A. No. There are multiple problems with the Proposed Rules' definitions of Funding Portal. The proposed definition of "Funding Portal" requires a legal finding of fact that the offerings or sales are subject to Section 4(a)(6) which appears very problematic. I see nothing in the proposed Rules that would prohibit a nonresident "broker acting as an intermediary" to be a funding portal with respect to U.S. issuers and U.S. investors in which crowdfunding transactions occur without reliance on Section 4(a)(6). If this loophole was designed on purpose to allow foreign portals, broker intermediary platforms and websites to do everything that a domestic registered Funding Portal is supposed to do while submitting to these proposed Rules promulgated from Title III of the JOBS Act then it seems very clear to me that a foreign crowdfunding platform will have a significant advantage over domestic Funding Portals. The only reason an issuer or an investor would choose to use a domestic Funding Portal under these Proposed Rules would be to gain the regulatory benefits of Section 4(a)(6) but these Proposed Rules are not designed to provide very many benefits to issuers and the cost and difficulties of the regulatory burdens that the SEC has proposed far outweigh any remaining benefits of 4(a)(6). Because the definition of "nonresident funding portal" incorporates by reference the definition of Funding Portal, I think this definition is flawed and will have the effect of creating a big competitive advantage for foreign intermediary platforms. This self-destruction of the U.S. marketplace for startup funding would be great for my foreign startup, Faraway Capital, but I do not think the SEC should be enacting Rules that destroy the business opportunity for others just to make sure that my foreign startup is able to dominate the market for equity crowdfunding by relying on regulations other than 4(a)(6).

See: http://www.farawaycapital.com

Unless the SEC wants me to operate a nonresident funding portal that is not subject to its Rules because none of the transactions being facilitated by way of my portal are subject to Section 4(a)(6) the final Rules should probably contain a revised definition of "nonresident funding portal" – however, devising such revised definition is challenging because the SEC has no jurisdiction outside the United States. Any definition of "nonresident funding portal" that does not expressly capture ONLY intermediaries that attempt to rely on Regulation Crowdfunding under United States regulations will be toothless and meaningless because it will be the United States government attempting to regulate foreign commerce. Jurisdiction issues aside, if the definition of "Funding Portal" were to be redefined without using the words "broker acting as an intermediary" and without referencing Section 4(a)(6) and without seeming to improperly target the entire universe of publishers, technology vendors, consultants and social media platforms where news about equity crowdfunding offerings might be disseminated, "Funding Portal" could become applicable to the full scope of relevant information services or online community hosting providers. Under federal code Title 18 this is already defined as a "Remote Computing Service" which would seem to be a better phrase to use in place of "broker acting as an intermediary" for the new Rule.

See: http://www.law.cornell.edu/uscode/text/18/2711

Proposed rules also incorrectly exclude "for the account of others" from the "Funding Portal" definition which incorrectly increases scope of "intermediary" to capture services beyond accounts / transactions.

#206. Q. Should the Commission impose additional or different conditions for nonresident funding portals than those proposed? If so, what conditions, and why? Should any be eliminated? Why or why not? What effect might such conditions have on the development of the industry and the market, and on issuers and investors? Please explain.

#206. A. If the Commission follows the rest of my recommendations, above, then the entire purpose behind "registering" as a Funding Portal would be changed to be more reasonable and workable in practice. The revisions that are required to the proposed Rule for nonresident funding portals depend on major revisions to the entire framework of these Proposed Rules that would solve, as I have suggested, all of the Commission's regulatory concerns by requiring a registered broker-dealer to be the broker intermediary for clearing and custodial services in connection with Regulation Crowdfunding sales. No prohibitions should exist of any kind inside the United States that are either, A) in obvious violation of the United States Constitution, or, B) impossible for the Commission to enforce outside the jurisdiction of the United States. In particular, nobody who merely speaks or publishes information about offerings of unregistered securities should be required to register as a Funding Portal. I believe strongly that the issuers themselves should be the ones who register as Funding Portals, and that each issuer should be hiring a broker-dealer in connection with its equity crowdfunding transactions, which requires the SEC to explicitly remove liability from these broker-dealers for the issuers' potential fraud and wrongdoing.

#207. Q. If, as a matter of law, it would be impossible or impractical for a nonresident funding portal to obtain the required opinion of counsel, what other actions or requirements could address our concern that we and the national securities association would be able to have direct access to books and records and adequately examine and inspect the funding portal?

#207. A. The SEC does not have law enforcement powers. The SEC lacks the authority to compel any party to deliver books and records against their will. The SEC should stop trying to make laws and should instead ask lawmakers to solve this problem. Furthermore, the core problem here is obvious: the SEC should be dismantling the systemic fraud and corruption that it has promulgated since 1934 in order to explicitly grant registered broker-dealers and other well-established reputable intermediaries to become Funding Portals without being exposed to civil or criminal liability for any issuer's bad acts. The entire concern of opponents of the JOBS Act, and the entire regulatory concern of the SEC, would be solved by letting broker-dealers and established financial industry companies, including banks, serve the function that is intended by the statutory language of the JOBS Act for these Funding Portal actors.

The intersection of the Internet and finance have demonstrated repeatedly over the last twenty years that the new era of "cyber finance" is fundamentally State-free or State-less. Human beings, natural persons, know that we can "choose our regulator" in terms of our national affiliation and our place of business in the global economy. Everyone has the ability to leave the United States and to do business on the Internet from wherever in the world offers the most support to freedom and growth potential. It is profoundly disturbing to see the United States of America sabotaged by the SEC in this respect.

#208. Q. Should any of the proposed requirements be more specific? For example, should only certain types of entities (such as law firms) be allowed to act as U.S. agents for service of process? Please explain.

#208. A. This question is irrelevant because only a complete revision to these Proposed Rules will enable the Commission to craft workable procedures for foreign resident funding portals to operate without destroying the market for domestic funding portals. Nobody will use a domestic funding portal, neither issuer nor investor, if the SEC conducts NSA-style electronic surveillance of all such activity.

#209. Q. Should a nonresident funding portal be required to appoint a U.S. agent for purposes of all potential legal proceedings, including those from nongovernmental entities? Why or why not?

#209. A. See above. The SEC needs to revise the Proposed Rules so that nobody would ever need to file a civil lawsuit against any funding portal for any reason because all transactions and all account management would be handled by a licensed broker-dealer. When a funding portal tricks users into giving the funding portal (or some unknown third-party malicious cyber intruder who gains control over the funding portal's remote computing service) the ability to steal money from the users' bank accounts (the issuers' bank accounts are equally at risk in this respect) this is not a civil matter that can be regulated by inept and corrupt federal regulators, this is a criminal matter regardless of jurisdiction.

#210. Q. Should we require the opinion of counsel if it might contradict the laws of a jurisdiction where an intermediary is incorporated? Why or why not? If not, should we impose an alternative requirement?

#210. A. Eliminate these awkward, unworkable counter-productive "nonresident funding portal" Rules.

#211. Q. Should we specify that the opinion of counsel contain any additional information? For instance, should we require the opinion to reference the applicable local law or, in the case of an amendment, the manner in which the local law was amended? Please explain.

#211. A. These "nonresident funding portal" Rules are defective and will not achieve anything at all, except to further decrease the reliance on Section 4(a)(6) and to disadvantage domestic funding portals.

#212. Q. Is the proposed exemption for funding portals from broker registration appropriate? Why or why not?

#212. A. Yes, but the definition of "Funding Portal" is defective. The entire framework of these Rules needs to be revised, and other pre-existing unconstitutional federal regulations need to be revised, so that broker-dealers can do the essential functions about which the Commission is truly concerned while creating large-scale freedom to communicate and freedom to crowd source capital and support.

#213. Q. Should the exemption be conditioned on the funding portal remaining in compliance with Subpart D of the proposed rules? Why or why not?

#213. A. No, registration exemption for the issuer's unregistered securities under Section 4(a)(6) cannot depend on anything that any third-party does or does not do. Nobody would ever know, until it is too late to do anything about it, that a previous transaction was an illegal sale of unregistered securities.

See: http://www.sec.gov/comments/s7-09-13/s70913-104.pdf

#214. Q. Is it appropriate to propose to require funding portals to comply with the same requirements for purposes of Chapter X of Title 31 of the Code of Federal Regulations as imposed on a person required to be registered as a broker or a dealer? Why or why not?

#214. A. No, there should be no burdensome regulations on Funding Portals. The regulations that are sensible and workable for Funding Portals, whether domestic or nonresident, involve the reasonable steps of securing fidelity bonds, registering with the Commission as Funding Portals, retaining licensed broker-dealers to facilitate all clearing and custodial services for investors, and the other parts of my recommendations, above, and in my previous comment letters. The Commission is required by the JOBS Act legislation to remove itself from the corrupt practices of its past by reducing such barriers.

#215. Q. Should the proposed exemption from broker registration be conditioned upon a funding portal's compliance with applicable Subpart C and D rules of proposed Regulation Crowdfunding? Why or why not? Should the failure to comply with certain requirements cause a funding portal to lose its exemption? If so, which requirements and why? Under what circumstances should the Commission consider revoking the exemption of a funding portal that fails to comply with these requirements?

#215. A. No. Such illegal requirements would violate the statutory requirements of the JOBS Act.

#216. Q. Does the proposed safe harbor appropriately define the actions in which a funding portal may engage? Are there other activities that should be addressed in the safe harbor? Are there activities included in the proposed safe harbor that should be modified or eliminated? If so, which activities and why?

#216. A. No, definitely not. This entire regulatory framework and the SEC's Proposed Rules for these "Funding Portals" as defined is defective and obviously does not comply with the statutory language of the JOBS Act legislation. There are numerous defects but the most obvious of them is that the SEC has intentionally removed "for the account of others" from the language of these Proposed Rules.

Congress only intended to allow, and only intended to regulate, activities in which equity purchases *for the account of others* are directly and immediately facilitated through the services of a Funding Portal intermediary, as defined by the new JOBS Act-modified federal securities law statutes, namely:

> **SEC. 304. FUNDING PORTAL REGULATION.**
> **(a) EXEMPTION.—**
> **...**
> **(2) RULEMAKING.—The Commission shall issue a rule to carry out section 3(h) of the Securities Exchange Act of 1934 (15 U.S.C. 78c), as added by this subsection, not later than 270 days after the date of enactment of this Act.**
> **(b) DEFINITION.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by adding at the end the following:**
> **"(80) FUNDING PORTAL.—The term 'funding portal' means any person acting as an intermediary in *a transaction involving the offer or sale of securities for the account of others*, solely pursuant to section 4(6) of the Securities Act of 1933 (15 U.S.C. 77d(6)), that does not—**
> **"(A) offer investment advice or recommendations;**
> **"(B) solicit purchases, sales, or offers to buy the securities offered or displayed on its website or portal;**
> **"(C) compensate employees, agents, or other persons for such solicitation or based on the sale of securities displayed or referenced on its website or portal;**
> **"(D) hold, manage, possess, or otherwise handle investor funds or securities; or**
> **"(E) engage in such other activities as the Commission, by rule, determines appropriate.".**

Emphasis added to: **"*a transaction involving the offer or sale of securities for the account of others*"**

The SEC must revise the Proposed Rules so as to clearly provide a Safe Harbor for any activity that is provided by a Funding Portal where that activity does not directly and immediately relate to an account of others. Any time a Funding Portal is engaged in an activity that does not directly and immediately facilitate, in the capacity of broker intermediary, offers of securities or purchases of securities, those activities must be covered by a Safe Harbor because Congress obviously did not intend to restrict nor to regulate them, especially insofar as those activities are supposed to be expressly allowed under the first amendment to the United States Constitution. Speaking publicly or helping third-parties speak publicly about unregistered securities Offerings in order to generate interest and stimulate commercial activity through a subsequent purchase or sale of such security cannot be prohibited in any fashion. It should be axiomatic that anything that has been legalized by the JOBS Act under Title II cannot be prohibited in the context of its Title III merely because it occurs within the confines of a registered Funding Portal.

#217. Q. Are there any additional conditions that should apply to the activities covered under the proposed safe harbor? If so, which conditions, and why?

#217. A. The activities covered under the proposed Safe Harbor should be conditional on the Funding Portal providing its users with a secure Remote Computing Service that includes the services of a licensed broker-dealer who provides clearing and custodial services on behalf of customer accounts.

The Funding Portal should be required to register with the Commission and operate a secure Remote Computing Service that complies with federal law relating to such computing services and comply with the United States Constitution with respect to protecting freedom of speech which protection would ordinarily not extend to the Funding Portal because it is not a government entity or agency and thus would ordinarily have the right to infringe speech or interfere with freedom to associate in any manner its operators choose. If the Commission is mandating regulatory-compliance, then compliant Funding Portals must be deemed agents of federal government for purposes of applying the U.S. Constitution.

Provided that a Funding Portal is behaving in compliance with the statutory language of the JOBS Act by carefully avoiding providing brokerage services then any activity that would be deemed “broker” activity under the previous corrupt rules and regulations promulgated from the 1934 Exchange Act and the 1933 Securities Act prior to the JOBS Act should not be interpreted as “broker” activity within the auspices of the Funding Portal's business activity. Only a broker-dealer should be allowed to facilitate the final transactions on behalf of third-parties, issuer and investor, for their respective accounts, and to comply with the JOBS Act statute and receive a Safe Harbor for any related activities, a Funding Portal should only need to create conditions in which issuers and investors understand how to open and to manage their respective accounts with an appropriate registered broker-dealer approved by the Portal.

#218. Q. Exchange Act Section 3(a)(80) provides that a funding portal may not offer investment advice, and the proposed rules would provide a conditional safe harbor for certain activities that funding portals may engage in without violating the statutory prohibition on providing investment advice. Is the safe harbor sufficient, or should we provide additional guidance regarding the status of funding portals under the Investment Advisers Act of 1940? Why or why not? Please discuss.

#218. A. The Commission appears to have intentionally misinterpreted Section 3(a)(80) so as to capture and regulate activities that were not intended to be captured nor regulated. Section 3(a)(80) clearly sets forth an exemption from the definition of “broker” for any funding portal that does not solicit nor hold, nor allow third-parties to solicit buyers or sellers for, any securities. Advising third-parties to engage in particular transactions for their accounts is part of soliciting, it is not part of speaking nor exercising the common sense that everyone is supposed to possess and to utilize when making financial decisions.

#219. Q. Should the proposed safe harbor permit a funding portal to limit the offerings on its platform? If so, are the criteria set forth in the proposed rules appropriate? Why or why not? If not, what other criteria or conditions would be appropriate?

#219. A. No, it should not be permissible for a Funding Portal to limit the Offerings for which it functions as an intermediary. Any third-party should be able to use the Remote Computing Services provided by the Funding Portal provided that the third-party qualifies as an issuer or investor.

The Funding Portal must be viewed, in my opinion, as an extension of a Secretary of State. Any person, including a known criminal, can file with a Secretary of State to incorporate a new company and thus to bring into existence in the economy new unregistered securities. No Funding Portal should be able to prohibit Offerings on its platform of any unregistered security lawfully-created through a filing with a Secretary of State, except insofar as the Funding Portal determines the issuer to be ineligible to raise capital publicly under the restrictions placed on issuers by the Dodd-Frank Act and the JOBS Act.

#220. Q. Are there any additional criteria that a funding portal should be permitted to use when highlighting issuers and offerings on its platform? If so, which ones and why? Should a funding portal be permitted to highlight issuers and offerings based on criteria that specifically relate to the activities of users on its site, such as offerings that have been viewed by the largest number of visitors to the platform over a particular time period? Why or why not?

#220. A. The proposed Safe Harbor is completely flawed and illegal under the JOBS Act. The SEC has materially misunderstood or willfully misinterpreted the statutory language of the JOBS Act such as by ignoring the fact that Funding Portals are, under the statutory language of the JOBS Act, explicitly allowed to do anything that any natural person is allowed to do under the United States Constitution insofar as the doing of those things is not part of the Funding Portal's function as an intermediary with respect to any transaction for the account of others. Obviously, highlighting issuers or helping the users of a Funding Portal learn about any issuer has nothing at all to do with being a transaction intermediary.

#221. Q. As a condition of the proposed safe harbor, should we require funding portals to clearly display, on their platforms, the objective criteria they use in limiting or highlighting offerings? Why or why not?

#221. A. The final Rules should prohibit a Funding Portal from refusing to display an issuer's Offering by way of its platform, unless the issuer is disqualified by regulatory requirement such as Dodd-Frank.

#222. Q. Under the proposed safe harbor, should we permit a funding portal to post news, such as market news and news about a particular issuer or industry, on its platform? Why or why not? If so, what restrictions, conditions or other safeguards should apply, in particular so that a funding portal would not be providing impermissible investment advice? For example, are there certain types of news or news feeds that should or should not be permitted, or should we restrict a funding portal from posting only positive news coverage? Should a funding portal be able to freely select the news stories it posts, or should there be some objective criteria? Please explain.

#222. A. The SEC does not have authority pursuant to the JOBS Act to prohibit a Portal's free speech.

#223. Q. Are the proposed limitations on a funding portal advertising its past offerings appropriate? Should we consider other advertising limitations? Should the proposed advertising rules be modified in any other way?

#223. A. The SEC does not have authority pursuant to the JOBS Act to prohibit a Portal's free speech.

#224. Q. Should we permit a funding portal to receive transaction-based compensation for referring potential investors to a registered broker-dealer? Why or why not? If so, should we impose disclosure requirements or other measures to mitigate potential conflicts? What should those requirements be and why? Should we permit a funding portal to receive transaction-based compensation from an affiliate? Why or why not?

#224. A. The SEC does not have authority pursuant to the JOBS Act to prohibit a Portal's free speech.

#225. Q. In addition to transaction-based compensation, are there other types of compensation that we should prohibit funding portals from paying to persons who are not registered broker-dealers? Should we permit, as proposed, funding portals to enter into compensation arrangements with registered brokerdealers or with any other regulated entities? Why or why not? If so, what types of regulated entities should be included? Please explain.

#225. A. The SEC does not have authority pursuant to the JOBS Act to prohibit a Portal's free speech.

#226. Q. Are there circumstances in which a funding portal could provide transfer agent services without handling investor funds or securities? If so, please describe.

#226. A. I do not see any reason for Funding Portals to be prohibited from also being transfer agents.

#227. Q. Should the proposed safe harbor permit a funding portal to engage in any other activities in connection with the required communication channels? Why or why not? If so, which activities and why?

#227. A. The SEC does not have authority pursuant to the JOBS Act to prohibit a Portal's free speech.

#228. Q. Should the proposed safe harbor include other types of activities that potentially could be construed as investment advice? If so, which ones and why? Would an exemption from the Investment Advisers Act of 1940 or other regulatory relief be appropriate in connection with such activities? Are there types of advice an issuer may seek from a funding portal, that would not be considered advice about the structure or content of the issuer’s offering? Please explain.

#228. A. The SEC does not have authority pursuant to the JOBS Act to prohibit a Portal's free speech.

#229. Q. Should the agreed-upon terms of an arrangement with a funding portal be required to be documented in a written agreement with the issuer? Are there certain terms that should be included?

#229. A. No, there should not be a mandatory written agreement nor any minimum terms of service.

#230. Q. Should the proposed safe harbor permit funding portals to provide a mechanism by which investors can rate an issuer or an offering? If so, what safeguards, if any, should be required? Should the Commission, as a condition of the safe harbor, limit the ability to rate to persons who have opened an account with the funding portal?

#230. A. The SEC does not have authority pursuant to the JOBS Act to prohibit a Portal's free speech. The Safe Harbor must, by law, permit any and all speech by all parties including the Funding Portal.

#231. Q. Should we specify requirements for funding portals' compliance policies and procedures? Why or why not? If so, what requirements and why?

#231. A. No.

#232. Q. Should we require funding portals to update their policies and procedures to reflect changes in applicable rules and regulations within a specified time period after the change occurs? If so, what time period would be appropriate (e.g., 30 days, 60 days, six months)?

#232. A. No.

#233. Q. We identified the AML Program, CIP, SAR and 314(a) Requirements as the most significant requirements that would most typically apply to funding portals, in light of the nature of their business. Under the proposed rules, however, funding portals would be subject to all BSA requirements applicable to registered brokers. Are there any other requirements under the BSA and its implementing regulations that should be clarified, with regard to application in the crowdfunding context, or excluded from application to funding portals? If so, which ones?

#233. A. The SEC has materially misunderstood or intentionally misinterpreted the JOBS Act statutes.

#234. Q. Is express compliance with the BSA by funding portals, as proposed, necessary to protect against the risk of money laundering, given that other regulated entities involved in transactions conducted pursuant to Section 4(a)(6), such as the qualified third party we propose to require be involved in the transmission of proceeds, are subject to the BSA? Please explain.

#234. A. No. The business of a Funding Portal is not in any way the same as that of a broker-dealer.

#235. Q. Is there another approach, other than the one we have proposed, to help protect against the risk of money laundering, that does not rely on BSA compliance? If so, please explain.

#235. A. The approach proposed is defective. A broker-dealer should do all transaction compliance.

#236. Q. Is it appropriate to implement the requirements of Section 4A(a)(9) by applying the requirements of the Privacy Rules to funding portals? Why or why not? Is the nature of a funding portal's activities such that a different requirement to protect privacy would be more appropriate? Please explain.

#236. A. No. Portals will not have privacy concerns of any kind if broker-dealers handle transactions.

#237. Q. Are there specific considerations with respect to privacy and crowdfunding that are not already adequately addressed in the Privacy Rules? If so, what are they and how should we address them?

#237. A. No. Privacy concerns only exist in transaction clearing and account back-office operations.

#238. Q. Should we provide additional guidance concerning the application of the Privacy Rules to funding portals? If so, which parts and why?

#238. A. Yes. The final Rules should stipulate that Funding Portals must not attempt to conceal or keep

private any information submitted by users, they should be required to keep all user activity transparent and to verify that any privacy-sensitive information is handled exclusively by a licensed broker-dealer.

#239. Q. Under the proposed rules, funding portals would be required to collect information about their customers in order to comply with antimoney laundering provisions, as brokers are required to do, as discussed above in relation to proposed Rule 402(b). At the same time, intermediaries would be required to take steps to protect the privacy of information collected from customers, as set forth in Section 4A(a)(9). Do our proposed rules achieve the appropriate balance between these two objectives? What other approaches would achieve an appropriate balance? Please explain.

#239. A. No, the proposed rules are not appropriate. The Funding Portal should be instructed to achieve protection of customer information and compliance with anti-money-laundering provisions by never engaging in any activity that requires such protection or compliance. Only a broker-dealer should do so.

#240. Q. Are there any additional provisions that should be incorporated in the proposed rules regarding inspection and examination of funding portals? Please explain.

#240. A. If the Commission expects to need to conduct inspection and examination of Funding Portals then its staff have entirely misinterpreted or misunderstood the JOBS Act statutory language. Under no circumstances should a Funding Portal be engaging in any activity that would require the Commission to inspect or examine the Funding Portal. What the Commission appears to be concerned about is the circumstances in which a Funding Portal steals money from investors and/or issuers. Such theft is not a part of any Funding Portal's business model, and the Commission has no authority to presume that such theft is occurring in order to be able to justify sending subpoenas or filing suit to compel inspections. If the Commission cannot inspect ongoing fraud or theft for a lack of probable cause then that's a serious law enforcement problem that has nothing to do with the Commission's appropriate role and purpose.

#241. Q. We have proposed a variety of documents and data to be retained by a funding portal. Are these documents and data appropriate? Should other types of documents and data be required to be retained, and if so, which documents and data and why? Are any of the documents and data we propose to require be retained unnecessary, unclear or not sufficiently detailed? If so, which ones? Please explain. Should any of the proposed books and records requirements be modified? If so, please explain why.

#241. A. No documents should be retained by the Funding Portal. The broker-dealer should be the one that retains any documents that the SEC might wish to retrieve by subpoena in the future. The SEC could create an API for Funding Portals to use to submit information voluntarily, and it could use a web crawler or other automated system, and its own staff to manually review, any information published by way of the Portal. However, if the SEC needs the Funding Portal to retain documents then clearly the SEC has failed to design a workable, reasonable and JOBS Act-compliant regulatory framework. The JOBS Act only requires that a Funding Portal remain subject to SEC examination and enforcement:

> **SEC. 304. FUNDING PORTAL REGULATION.**
> **...**
> **"(1) IN GENERAL.—The Commission shall, by rule, exempt, conditionally or unconditionally, a registered funding portal from the requirement to register as a broker or dealer under section 15(a)(1), provided that such funding portal—**
> **"(A) remains subject to the examination, enforcement, and other rulemaking authority of the Commission;**

Despite the practical need to design a framework for the Funding Portal to be exempt from any record retention requirements that would ordinarily apply to a broker-dealer, the SEC should design voluntary forensic transparency systems that keep as much information available publicly as can be automated.

#242. Q. What burdens or costs would the retention of such information entail? Is it appropriate to base the books and records requirements of funding portals on the books and records requirements for broker-dealers generally? Have we appropriately tailored the broker-dealer requirements for funding portals? If not, how should they be further modified? Would these tailored requirements create any competitive advantages for funding portals as compared to broker-dealers engaged solely in the same limited activities in which a funding portal may engage? Are there books and records requirements currently applicable to broker-dealers, but not included in the proposed rules, that should be included? Please provide examples of any such requirements or any suggested alternatives.

#242. A. No, the SEC has not tailored the broker-dealer requirements for Funding Portals correctly. The SEC should require that every Funding Portal work with a broker-dealer for back-office functionality and services limited to these document retention, regulatory compliance, account management and transaction-related services on behalf of issuers and investors. Without a broker-dealer providing such services in connection with every transaction for which Funding Portals act as non-broker intermediary there will be no reasonable way for investors to hold the unregistered securities that they purchase. If the SEC were to draft final Rules that impose such requirement, it should also require every issuer of unregistered securities to obtain a CUSIP number for each distinct class of unregistered security. The broker-dealer will require a CUSIP number in order to properly manage customer accounts.

#243. Q. Is a safe harbor for certain insignificant deviations from a term, condition or requirement of Regulation Crowdfunding appropriate? If so, is the proposed safe harbor sufficiently broad or too broad? Are there additional conditions that should apply for an issuer to rely on the safe harbor? If so, what conditions and why?

#243. A. If SEC imposes more sensible terms, conditions or requirements for Regulation Crowdfunding then there should be no safe harbor for deviations therefrom. Under the Proposed Rules, everyone must be afforded such safe harbor, and not only for insignificant deviations but for any violation of any kind for a period of five years and thereafter everyone should be given a “three-strikes” series of warnings.

#244. Q. Should we define the term ‘‘insignificant’’ or use a different term? Please explain. Should we use a standard requiring something other than ‘‘good faith and reasonable attempt’’ to comply with the requirements? If so, what standard and why? Is it appropriate for the safe harbor to cover the failure of the intermediary to comply with the requirements of Section 4A(a) if the issuer did not know of such failure or such failure occurred solely in offerings other than the issuer’s offering? Why or why not?

#244. A. Nobody will be able to comply with the Proposed Rules until after they have made every possible mistake and transgression of the Rules. The SEC should completely redo the Proposed Rules based on a workable framework for Regulation Crowdfunding, and if it does not do so then it should not worry about defining “insignificant” because it will be necessary to give everyone at least two mistakes' worth of safe harbor before the SEC does more than issue warnings to any SEC's Offender.

#245. Q. Are there certain deviations that should never be considered insignificant for purposes of this safe harbor? Why or why not? Should we provide examples of deviations that we would consider significant? If so, what should those be (e.g., failure to file the Form C: Offering Statement on EDGAR)?

#245. A. No. The reason is that the SEC could have created a comprehensive and comprehensible regulatory framework for Regulation Crowdfunding but the SEC willfully chose not to do so. Only the SEC should bear the burden and the expense, therefore, of teaching everyone in the entire world how to comply with its insane ridiculous requirements until every person who will ever live is properly trained.

#246. Q. Are the proposed limitations on resale appropriate? Why or why not? If not, what approach would be more appropriate and why? Should there be additional limitations on resale, especially after the first year? Why or why not? If so, what should they be and why? If an issuer no longer was in compliance with the ongoing reporting requirements or was no longer in business, should we place restrictions on the resale of the issuer's securities or otherwise limit the ability of those shares to trade? If so, please describe the appropriate restrictions and explain how we could implement such restrictions.

#246. A. The proposed limitations on resale are appropriate except in the case of low-income investors whom I believe should not have any resale restrictions provided that they are able to resell for a profit.

The SEC should not impose any trading halt for any security, by Rule, but should reserve trading halts to the unusual circumstances where fraud or large-scale market manipulation is detected and the SEC chooses to take enforcement action the first step of which is imposing a trading halt on the securities.

#247. Q. To transfer securities to an accredited investor during the one-year period beginning when the securities are sold in reliance on Section 4(a)(6), the seller would need to have a reasonable belief that the purchaser is an accredited investor. Is this approach appropriate? Why or why not?

#247. A. Yes, but any self-certified low-income investor should not be restricted in such resales.

#248. Q. Is the proposed use of the definition of ''accredited investor'' in Rule 501(a) of Regulation D appropriate? Why or why not? Should a different definition be used for purposes of Regulation Crowdfunding? Please explain.

#248. A. The "accredited investor" definition in Rule 501 needs to be completely revised to allow far more investors to qualify as accredited in situations where the investor actually knows what they are buying after doing actual due diligence research and analysis including of their own financial plan. It does make sense for there to be a regulatory difference between an investor who actually knows that they wish to invest in unregistered securities and an investor who is being improperly sold high-risk investments that expose the investor to risks they do not understand and did not sign up to undertake. However, despite the need for this difference in approach to regulating on an investor-by-investor and investment-by-investment or transaction-by-transaction basis, for the purposes of Regulation Crowdfunding there should not be any complicated "accredited investor" distinctions versus other investors. I would rather see the Rule prohibit resales to anyone including "accredited investors" during the first 12 months after securities are first sold, except where the seller is low-income and selling for a net profit, than see the Commission give "accredited investors" another regulatory advantage as buyers.

#249. Q. Is the proposed definition of ''member of the family of the purchaser or the equivalent'' appropriate? Is it appropriate to track the definition of ''immediate family'' under Exchange Act Section 16 (with the addition of ''spousal equivalent''), or would another definition be more appropriate? Should any persons be included or not included in the definition? Why or why not? Should we use a consistent definition throughout Regulation Crowdfunding even if it differs from

similar rules in other Commission regulations? Why or why not?

#249. A. The definitions of "family" do not seem problematic. This question should be made irrelevant with a simpler regulatory framework that is less likely to result in intra-family "resale" transactions.

#250. Q. Would the availability of information on EDGAR satisfy the requirement to make the information available to each state, territory and the District of Columbia? Are there other means of making the information available? Should we impose any additional obligations on intermediaries with respect to this requirement? If so, what are they? For example, should we require issuers or intermediaries to provide this information directly to state regulators? Please explain.

#250. A. Yes, EDGAR satisfies the requirement. Do not impose other obligations on intermediaries.

#251. Q. Should the Commission permanently exempt securities issued pursuant to an offering under Section 4(a)(6) from the record holder count under Section 12(g), as proposed? Why or why not? Should the Commission exempt securities issued under Section 4(a)(6) only when held of record by the original purchaser in the Section 4(a)(6) transaction, an affiliate of the original purchaser, a member of the original purchaser's family or a trust for the benefit of the original purchaser or the original purchaser's family? Why or why not? Are there other ways to implement Section 303 that may be more appropriate? Please explain.

#251. A. Yes. Unregistered securities issued pursuant to Section 4(a)(6) should remain exempt from the holder of record count under Section 12(g) as proposed and as required by the JOBS Act legislation.

#252. Q. One commenter suggested that the Section 4(a)(6) exemption should survive and 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, if the parties to the transaction are affiliates of the original issuer. While we are not proposing to implement this suggestion at this time, we invite commenters to discuss the advantages and disadvantages of this approach.

#252. A. No comment. The Commission will not be able to make this complexity clear to anyone, ever, so each subsequent restructuring event should simply be accompanied by a No Action Letter request.

#253. Q. The same commenter suggested that the availability of the exemption under Section 12(g)(6) should be conditioned on the issuer not having total assets, at the last day of the fiscal year with respect to which the Section 12(g) compliance determination is made (or a reasonable time before or after such date), in excess of $25 million. Should we condition the availability of the exemption under Section 12(g)(6) on the issuer not having total assets in excess of $25 million? If not $25 million, should the availability of the exemption be conditioned on total assets not exceeding some other amount (e.g., $10 million, $50 million, etc.)? Should this determination be made as of the last day of the fiscal year or a different date? Please explain.

#253. A. No.

#254. Q. Should issuers that fail to comply with the ongoing reporting requirements of Regulation Crowdfunding be disqualified from relying on the exemption under Section 12(g)(6), as suggested by one commenter? Why or why not?

#254. A. No. The SEC does not have the authority to compel any reporting by unregistered issuers.

#255. Q. How would issuers be able to distinguish securities issued in a transaction exempt under Section 4(a)(6) from securities issued in other offerings? What would be the costs associated with making such a determination?

#255. A. Issuers will not be able to keep track of this when resales occur, which is one of the reasons every Funding Portal must be required to have broker-dealer providing clearing and custodial services.

#256. Q. Should we eliminate or modify any of the proposed categories of covered persons? If so, which ones and why? Would doing so still result in a rule substantially similar to Rule 262? Should we disqualify additional categories of covered persons? If so, which ones and why?

#256. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#257. Q. The proposed rules would apply to officers of the issuer, mirroring Rule 262, rather than executive officers and other officers participating in the offering, as in Securities Act Rule 506(d). Is this approach appropriate? Why or why not?

#257. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#258. Q. Should persons compensated to promote the issuer's offering through communication channels provided by the intermediary be covered persons, as is the case for the Rule 506 disqualification rules? Why or why not? Would doing so result in a rule substantially similar to Rule 262?

#258. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#259. Q. The proposed disqualification rules would cover persons who are 20 Percent Beneficial Owners. Is the 20 percent beneficial ownership threshold appropriate? Why or why not? Should the proposed disqualification rules cover persons based on a 10 percent ownership threshold, as in Rule 262? Why or why not?

#259. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#260. Q. Should orders, judgments and decrees entered against affiliated issuers not be disqualifying if they pre-date the affiliate relationship, as proposed? Should we, as proposed, expand this treatment to entities that have undergone a change of control or a change of policy? Why or why not?

#260. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#261. Q. Should we eliminate or modify any of the proposed disqualification events? If so, which ones and why? Should additional events be disqualifying events? If so, what should constitute a disqualifying event and why?

#261. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#262. Q. The proposed disqualification for certain criminal convictions contemplates a look-back period of five years for criminal convictions of issuers (including predecessors and affiliated issuers) and 10 years for other covered persons. Should we modify the proposed five- and 10-year look-back periods? If so, what should the lookback periods be? Should the look-back periods be measured from

the date of the requisite filing with the Commission, as proposed, or the date of the relevant sale? Why?

#262. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#263. Q. Should we expand or narrow the scope of the coverage of criminal convictions? Why or why not?

#263. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#264. Q. Is the proposed coverage and look-back period for disqualification events relating to court injunctions and restraining orders appropriate? Why or why not? Should we impose any due process requirements as a condition to disqualification? If so, what should those requirements be and why? Should we expand or narrow our proposed approach of who would be viewed as subject to an order? Why or why not?

#264. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#265. Q. Are the proposed disqualification provisions relating to final orders of certain regulators appropriate? Why or why not? The proposed rules would add the CFTC to the list of regulators whose regulatory bars and other final orders will trigger disqualification. Is this addition appropriate? Why or why not? Should we define or provide additional guidance about what constitutes a ''bar''? Why or why not? Is our proposed definition of ''final order'' appropriate? If not, why not and what should it be? Should we limit ''fraudulent, manipulative or deceptive conduct'' to matters involving scienter? Why or why not?

#265. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#266. Q. Are the proposed disqualification provisions relating to Commission disciplinary orders appropriate? Why or why not? Should the disqualification continue only for as long as some act is prohibited or required to be performed pursuant to the order, as proposed, or should we impose a look-back period for Commission disciplinary orders? If we should impose a look-back period, how long should that look-back period be (e.g. five years, 10 years)?

#266. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#267. Q. The proposed disqualification provisions would make certain Commission cease-and-desist orders a disqualifying event. Is this approach appropriate? Why or why not? Should we create a new disqualification trigger for orders of any other regulator not identified in Section 302(d)? If so, which regulator and why?

#267. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#268. Q. Are the proposed disqualification provisions relating to suspension or expulsion from SRO membership or association with an SRO member appropriate? Why or why not?

#268. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#269. Q. Are the proposed disqualification provisions relating to stop orders and orders suspending the Regulation A exemption appropriate? Why or why not?

#269. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#270. Q. Are the proposed disqualification provisions relating to United States Postal Service false representation orders appropriate? Why or why not?

#270. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#271. Q. Is it appropriate to have a reasonable care exception from disqualification? Why or why not?

#271. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#272. Q. In order for an issuer to establish that it had exercised reasonable care, the proposed rules would require the issuer to make a factual inquiry into whether any disqualifications existed. Is this approach appropriate? Why or why not? Should we include in the proposed rules additional guidance on what types of factual inquiries should be undertaken under the reasonable care standard? If so, what should that guidance include? Should we create a cut-off date to apply when issuers make a factual inquiry? If so, what should that cut-off date be?

#272. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#273. Q. The proposed rules contemplate that the Commission could grant a waiver of disqualification under certain circumstances. Is this approach appropriate? Why or why not? What should constitute ''good cause'' for purposes of seeking a waiver? Are there specific circumstances under which a waiver is appropriate (e.g. change of control, change of supervisory personnel, absence of notice and opportunity for a hearing)? If so, what are they?

#273. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#274. Q. Should we delegate authority to the Director of the Division of Corporation Finance to grant disqualification waivers under Section 4(a)(6), as proposed? Why or why not?

#274. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#275. Q. Is it appropriate to include an automatic exception from disqualification where the relevant authority concludes that disqualification under Section 4(a)(6) should not arise as a consequence of such order, judgment or decree, as proposed? If not, why not? Should we expand or limit this automatic exception? Please explain.

#275. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#276. Q. Should we impose disqualification for all pre-existing events, regardless of whether they occurred before the effectiveness of the final rules, or only for events after effectiveness? Why or why not? Should we treat different types of pre-existing events differently? Why or why not? If so, in either case, how should we address concerns about the fairness of retroactive application of the disqualification provisions to actions that took place prior to the enactment of the JOBS Act and the adoption of rules implementing the JOBS Act?

#276. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#277. Q. The proposed rules would specify that disqualification under Section 4(a)(6) would not arise as a result of events occurring before the effective date of proposed Regulation Crowdfunding. Should we limit disqualification to events occurring after the enactment of the JOBS Act instead? Why or why not?

#277. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#278. Q. Is it appropriate to require disclosure of matters that would have triggered disqualification had they occurred after the effective date of proposed Regulation Crowdfunding? Is there a better method of putting investors on notice of bad actor involvement? If so, what method? If disclosure of a pre-existing triggering event is required and not adequately provided to an investor, should relief for insignificant deviations from Regulation Crowdfunding requirements be available? Why or why not?

#278. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#279. Q. Is the standard for ''subject to a statutory disqualification'' as defined in Exchange Act Section 3(a)(39) appropriate for purposes of establishing disqualification provisions for intermediaries in crowdfunding transactions made in reliance on Section 4(a)(6)? Why or why not? If another standard would be appropriate, why should that standard be used instead of Section 3(a)(39)? If we were to use another standard for funding portals, should we also use that standard for brokers' crowdfunding activities? Or, should brokers adhere to the Section 3(a)(39) standard for all their activities, including crowdfunding?

#279. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#280. Q. Should we instead propose rules that mirror the disqualification rules we are proposing for issuers? If we were to take this approach, would any particular disqualification provision need to be tailored for intermediaries engaging in crowdfunding transactions? Are there unintended consequences of having different disqualification standards for issuers and for intermediaries? Please explain.

#280. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#281. Q. Should any of the differences between Rule 262 and Section 3(a)(39) be addressed? Why or why not? If so, how should we address them?

#281. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#282. Q. Should we permit intermediaries to determine how best to screen associated persons to ensure they are not subject to a statutory disqualification? Why or why not? If so, should we propose particular standards, or a level of care, applicable to this screening?

#282. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#283. Q. Should we prescribe specific steps that an intermediary must take to ascertain whether an associated person should be prohibited from participating in or effecting crowdfunding transactions in reliance on Section 4(a)(6)? If so, what should those steps be?

#283. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

#284. Q. Should we permit intermediaries to reasonably rely on the representations of associated persons regarding statutory disqualification if the intermediary otherwise has conducted a background check on the associated person?

#284. A. I don't think SEC has authority to enact this proposed rule as it is clearly unconstitutional.

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In closing, I strongly object to this ridiculous and time-wasting Rulemaking process in which the SEC publishes impossible-to-comprehend and extraordinarily-voluminous Requests For Comment and defective, politically-motivated obviously-corrupt Proposed Rules while deceiving the public into believing that it is invited to contribute to the Rulemaking process with comment letters like mine.

The SEC obviously has no intention of creating a workable, reasonable and practical regulatory regime but instead wishes only to protect the corruption it has engendered in the American finance industry since 1934. These Proposed Rules are contrary to the intent and the explicit plain language meaning of the JOBS Act legislation. It is astonishing to see the Commission's staff create Rules that, in Title III, criminalize free speech, while on the other hand eliminating any prohibitions against it in Title II.

Everyone should be free to form capital. Capital formation is, fundamentally, a process of exercising a freedom to speak and a freedom to form material economic associations and relationships with others.

Mark Zuckerberg defrauded his first investors, the Winklevoss twins, by taking their capital and using it to build a different business instead that was essentially what the Winklevoss twins paid him to build.

Would Mark Zuckerberg be considered a “Bad Actor” under the new Dodd-Frank Act Rules? Perhaps.

Everyone knows that the economy is horribly, horrifically, abusively and criminally unfair. Those who have studied where wealth comes from in the world recognize that it predominantly came from crime, or at least from activities that we consider, in hindsight, and under our new Rules and Regulations, to be offenses that should not be tolerated. But the fact is that in most cases the government is unable to intervene to take away ill-gotten gains unless serious fraud or severe criminal acts of a significant scale are at issue. The FBI won't even pursue cases where less than $1,000,000.00 is stolen from investors.

While purportedly attempting to regulate investor risk and protect markets, what the SEC has done in practice, historically, has been to prohibit capital formation until and unless substantial payments are made to the SEC's criminal racketeering co-conspirators (securities lawyers, auditors, and so forth).

It is the Securities and Exchange Commission's job to create regulation to empower people to protect themselves while investing, yet historically what the SEC has actually done is to empower criminals.

This does not mean everyone who tries to raise capital offering unregistered securities is a fraud!

In fact, it appears to me that people who are unwilling to pay useless and outrageous fees to securities lawyers, auditors and other “helpers” which payments amount effectively to bribery and extortion that is mandated by the corrupt SEC and which would be, literally, bribery and extortion if the SEC were to require these payments to itself rather than requiring the payments to be made to its registered cronies, the people who refuse to participate in the corruption are in fact the only people whom are trustworthy!

Thanks to the JOBS Act, the Commission has an opportunity to correct its past failures for startups and startup investors. If it does not do so, the SEC should be removed from our federal system of politics because ONLY THE SEC can solve the systemic problem that is conspiring to oppress new companies as they attempt to form capital to access the economic growth potential that their co-founders envision.