

MEMORANDUM

TO: File S7-09-13

FROM: Jessica Dickerson
Attorney-Adviser
Division of Corporation Finance
U.S. Securities and Exchange Commission

RE: Meeting with a Representative of the Crowdfunding Professional Association

DATE: September 9, 2014

On September 9, 2014, Commission staff met with a representative of the Crowdfunding Professional Association to discuss the proposed rules to implement Title III of the Jumpstart Our Business Startups Act.

The following Commission staff representatives participated: Sebastian Gomez Abero, Eduardo Aleman, Jessica Dickerson and Preston Brewer from the Division of Corporation Finance; and Joseph Furey, Leila Bham and Timothy White from the Division of Trading and Markets.

The following representative of the Crowdfunding Professional Association participated: Charles Sidman.

The information provided by the representative of the Crowdfunding Professional Association is attached.

Attachment

Working for the success of every fundraiser and their supporters, by providing education, resources and assistance to all stakeholders in the Crowdfunding community



The premier annual education event of the Crowdfunding industry's inclusive and non-profit trade association, consisting of practical, topical and up-to-the-minute information for all stakeholders in the exciting and rapidly evolving Crowdfunding space, will be held at the Hogan Lovells law firm in downtown Washington, D.C. Please join us!

Current members of the CfPA, and of affiliated organizations, will receive a registration discount by entering the appropriate Promotional Code on the Eventbrite registration form:

<https://www.eventbrite.com/e/cfpa-education-summit-tickets-12689010171>

Once registered for the Education Summit, one will also have the option to join the CfPA at an approximately 1/3-discounted rate (i.e. \$195 instead of \$295, and \$695 instead of \$995, for Individual and Corporate membership, respectively.)

Schedule

Tuesday, 9/30:

- (8:00-9:00) Registration
- (9:00-9:20) Intro and Welcomes

Crowdfunding Professional Association – www.CfPA.org
The New York Times Building, 37th Floor (c/o Brian Korn), 620 Eighth Avenue, New York, NY 10018-1405
(207) 288-0428 - contact@cfpa.org

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- (9:30-12:00) Status of Crowdfunding - Where Are We Now?
 - (9:30-10:40) Impacts
 - (10:50-12:00) Legal/Regulatory
- (9:30-12:00) Crowdfunding, Research and Entrepreneurship Education
 - (9:30-10:40) Crowdfunding for Higher Ed Entrepreneurship Students
 - (10:50-12:00) Crowdfunding for Universities and Research Institutions
- (12:00-1:30) Box lunches, speaker and networking
- (1:30-3:00) Intrastate and Local Crowdfunding
- (1:30-3:00) International Crowdfunding
- (1:30-3:00) Crowdfunding Certifications
- (3:00-3:30) Afternoon break
- (3:30-5:00) Crowdfunding for Women and Minorities
- (3:30-5:00) Crowdfunding and Self-Directed Retirement Accounts
- (3:30-5:00) Intermediaries and Service Providers
- (6:00-8:00) Evening Reception, with Speaker, at Hogan Lovells

Wednesday, 10/1:

- (9:00-9:45) State of the CfPA
- (10:00-12:00) Crowdfunding Success for Entrepreneurs
- (12:00-1:30) Box lunches, speaker and networking
- (1:30-3:30) Crowdfunding for Investment
- (3:30-4:00) Afternoon break
- (4:00-5:00) Invited Guests & Recaps



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FOR IMMEDIATE RELEASE - 9/1/14

The Crowdfunding Professional Association (CfPA), the federally-recognized, not-for-profit, 501(c)(6) trade association for all stakeholders in the Crowdfunding industry, is pleased to announce the launch of two new certification programs. These efforts are based on and supplement the CfPA's ongoing activities in education, communication, advocacy and operational enhancement for all forms of Crowdfunding. They will be provided for no charge as benefits to members of the CfPA, and for a fee to non-members. For more information about these new programs, the CfPA itself or Crowdfunding in general, please consider attending the Education Summit being held in Washington, D.C., on 9/30 and 10/1/14 (<https://www.eventbrite.com/e/cfpa-education-summit-tickets-12689010171>).

In the first of these programs ("CfPA Investor Education and Certification"), prospective investors in public Crowdfunding (aka Title III or Section 4(a)(6)) transactions will be educated, examined and certified as having received an appropriate program of education as required by the Jumpstart Our Business Startups (JOBS) Act of 2012. Under the JOBS Act, intermediaries conducting Title III fundraises must certify that investors have completed training and adequately understand the opportunities and risks that they are undertaking. This education and certification program will be available to be used and relied upon by investors and Intermediaries as providing assurance that the content and certification of such investor education have been formulated and administered by the broad industry community in a collaborative, consistent and comprehensive fashion.

Second, the CfPA has committed to formulating and administering a "CfPA Professional Crowdfunding Certification" for individuals seeking to provide education or professional services to the Crowdfunding industry. We recognize and appreciate pioneering programs in this direction by the industry, and hope that these efforts will continue to offer high quality education in the field. The CfPA believes that impartial third-party certification will enhance the value of such education and the recognition that certified persons will enjoy. The CfPA launches this Professional Certification program with the following observations:



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- Professional certification is desired by many and is already being marketed as a credential of differentiated professional status and training, in order to allow program graduates "to assist businesses that need capital, and to lead training courses for others. ... to confidently assist businesses and others in small business capital formation industry." Certified professionals must be educated and take care to provide services concerning business, legal and financial issues without encroaching into professionally regulated practice domains. In addition, the unsatisfactory outcomes possible in or after Crowdfunding campaigns may expose educators or practitioners to legal challenge and potential liability. The CfPA believes that a recognized and collaborative not-for-profit association, setting educational standards and providing examination and certification for the industry as a whole, will be more secure from such risks and challenges than individuals or private entities that attempt to do so.
- In order to optimally serve consumers, the CfPA feels that Crowdfunding professionals should have broad knowledge and competence regarding all aspects of Crowdfunding, including but not limited to the legal and regulatory aspects of specific securities-based forms. Thus, fundraising and investment essentials and best practices, patterns of corporate development and communication, professional issues such as limitations, responsibilities and ethics, comparison and contrast of various forms of Crowdfunding, etc., all will be included in a comprehensive syllabus and examined for certification.

"CfPA Investor Education and Certification" and "CfPA Professional Crowdfunding Certification" are scheduled to be available starting January 1, 2015. Please contact the CfPA for more information, or if interested in participating in these important efforts for the industry as a whole.

The Crowdfunding Professional Association
info@cfpa.org
www.cfpa.org



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The Crowdfunding Professional Association (CfPA), the federally-recognized, not-for-profit, 501(c)(6) trade association for all stakeholders in the Crowdfunding industry, is pleased to announce the publication and availability of a recommended Termsheet template for use by participants in JOBS Act Title III (Section 4(a)(6)) Crowdfunding equity offerings. This effort reflects the CfPA's core mission of promoting the success of all stakeholders in the Crowdfunding community, and addresses several of the potentially important reservations expressed by some about Title III Crowdfunding. For more information about this recommended Termsheet template, the CfPA itself or Crowdfunding in general, please consider attending the Education Summit being held in Washington, D.C., on 9/30 and 10/1/14 (<https://www.eventbrite.com/e/cfpa-education-summit-tickets-12689010171>).

Major provisions of this recommended Termsheet template include:

- Definition of Title III Crowdfunded equity transactions as providing a separate class of Crowdfunding ("CF") security, distinct from Common shares or other ownership units (to allow the recognition and separate treatment of Crowdfunded security holders.)
- Cancellation by either prospective investor or issuer, for any reason whatsoever and at any time prior to closing, of all commitments to invest or offer and full refund of any funds proffered (to mirror usual practice in private security offerings, and prevent any participant from being locked into a pending transaction that they may have come to regret.)
- Ability of a supermajority of holders of CF equity, by vote proportional to ownership interest, to decide all issues pertaining to the CF security class (to preclude impeding a future transaction of the company by inability to communicate with or obtain consent from a minority of holders, or to simplify the Cap Table by allowing aggregation of all CF interests into a single holding entity.)
- Anti-dilution protection for CF investors (a critical and essential safeguard for all equity holders.)



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*Legal documents incorporating above concepts appropriately to each specific issuer and fundraise must be prepared by competent legal counsel. However, the Crowdfunding Professional Association recommends that investors **not participate** in raises that do not include and reflect the above-described terms that are considered essential to the protection of both investors and issuers.*

The Crowdfunding Professional Association

info@cfpa.org

www.cfpa.org



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stakeholders in the Crowdfunding community**

Crowdfunding: A type of Crowdsourcing devoted to the raising and providing of supportive capital (as well as user feedback, community building, etc.) by and for artists, innovators, entrepreneurs, public purposes, etc., from a multitude (the inclusive "Crowd") of supporters, users, investors and the like, usually via the Internet

The Crowdfunding Professional Association (CfPA) is the comprehensive and collegial non-profit umbrella organization for all stakeholders in Crowdfunding:

- Helping guide innovators and entrepreneurs toward effective Crowdfunding strategies and practices
- Supporting the backers and investors who provide capital
- Assisting service providers to heighten exposure, increase outreach and foster collaboration

Organized in 2012 as a Delaware 501(c)(6) by the pioneers of the JOBS Act and securities-based Crowdfunding

Led by a member-elected Board of Directors, with input from an Advisory Council of recognized luminaries and pioneers in related fields

Encompassing rewards-, donation- and securities-based Crowdfunding

Yearly memberships for individuals, corporations, sponsors, affiliates and students

Benefits of Membership:

- Advocacy and education at state, national, global and professional levels
- Annual and ongoing industry, trade and community events locally, regionally, nationally and internationally
- Global Resource Directory of sponsors, corporate members and their offerings for use by fundraisers, supporters, investors and other providers
- Recommended deal term and legislative templates
- 3rd party review and FAQ's re educational offerings
- Members-only communication & collaboration channel
- "Ask Dr. CF" help line
- User feedback and experience repository
- Mediation assistance if and when necessary

Contact us for more information via:

- Web: www.cfpa.org
- Email: contact@cfpa.org
- Telephone: 207-288-0428