arctic island
CrowdFunding American Businesses

December 6, 2013

Securities and Exchange Commission
Washington, DC

RE: Comments on S7-09-13 Crowdfunding
II.E. "Miscellaneous Provisions" Responses to Questions

Dear Staff:

We would like to respond to select questions under Section II.E. "Miscellaneous Provisions" of the Proposed Rules:

Q.243. Is the safe harbor proposed appropriate and sufficiently broad?
Answer: Yes, it is a well-balanced provision for all affected parties.

Q.244. Should we define the term "insignificant" or use a different term?
Answer: The term is fine and it would seem impractical to attempt to define it narrowly. An alternative might be the word "immaterial".

Q.246. Are the proposed limitations on resale appropriate?
Answer: Yes, they will serve to enforce the intentions of the Act while also enabling, at some point in time, the creation of systems to effect trades in, and liquidity of securities.

Q.247. Is it appropriate that the seller would need a "reasonable belief" that the purchaser is accredited?
Answer: It would be better to put the onus on the issuer, and state that prior to them agreeing to record any changes of ownership on their books they must have a reasonable belief that the new owner is an accredited investor.

Q.248. Is the proposed definition of "accredited investor" appropriate?
Answer: Yes, that is industry standard for the sale of securities using exemptions to the '33 Act.

Q.249. Is the proposed definition of "member of the family" appropriate?
Answer: Yes, and we appreciate the allowance of transfers to family trusts.

Q.251. Should the Commission permanently exempt securities issued pursuant to 4(a)(6)?
Answer: Yes, absolutely. This will prevent huge messes that would otherwise unquestionably occur in the future as companies recapitalize, are sold, acquire other firms, or go through changes of status.

Q.252. Should the 4(a)(6) exemption survive subsequent corporate events?
Answer: Yes, we advocate that this be settled now rather than later when a messy, litigious situation occurs. Companies will go through restructurings, acquisitions, mergers, and other events. Since it will happen then it is better to address this now rather than later.

Q.253. Should we condition the exemption on an issuer having assets of less than $25 million?
Answer: No, this would be potentially devastating. Companies will grow past this revenue marker (and create untold jobs along the way). Forcing them to incur the costs of registering their securities would be catastrophic and lead to the collapse of the company, loss of jobs and loss of products and/or services to the public. If a

milestone is required in the Commissions opinion then we would advocate for the one used in Title I, section 101 “Definitions” of the JOBS Act in defining an “emerging growth company”.

Q.254. Should issuers who are out of compliance lose this exemption?
Answer: No, that would hurt investors and the public as an otherwise viable company could be forced into bankruptcy.

Q.255. How will issuers distinguish securities sold via 4(a)(6) from those sold via other exemptions?
Answer: Issuers can easily notate their cap schedules with which securities were sold under which exemptions.

Respectfully,

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