December 18th, 2013

Ms. Mary Jo White
Chairperson
U.S Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Proposed rule, Crowdfunding (*Release No. 33-9470; File No. S7-09-13)*

Dear Chairperson,

I am writing to inform you of my discontent with the proposed rules of Title III of the Jumpstart Our Business Startups (JOBS) Act. Of particular concern to me are the limits being proposed for non-accredited investors (greater of $2,000 or 5% of income for anyone earning less than $100,000 and a limit of 10% of income for anyone earning over $100,000). I believe these limits should be omitted, or at least increased, from the final proposal for a number of reasons.

Crowdfunding is an excellent avenue for startups to raise seed funding and subsequent rounds of funding; it is particularly helpful for those who do not have the network, or the skills, to tap the wealthy angel investors. Crowdfunding enables the general public to choose which products/services they would like to experience, thereby, being the best form of value creation in our society, and for the economy of this great country. Investment Crowdfunding is an even more powerful tool that will be available for non-accredited investors to make the investments they believe will be good for them and for their communities. By limiting the amount a non-wealthy investor can invest in such ventures completely minimizes the impact of such a great opportunity.

Investors from amongst the general public at large should be given an opportunity to invest in ideas/products/services that they believe will be a changing force. Non-accredited investors have made their money by working hard, and most will not simply throw their money away at ideas they do not believe will come to fruition. The limits on the investable amount deprive the lower to middle income groups from the same opportunities that a wealthy investor has. It deprives individuals from investing a sizeable amount of money at the early stages of a business. Although these investments are highly risky, no investment is without risks, and individuals should be left to determine what is best for them and their financial wellbeing. Omitting the caps on investments will allow individuals to invest as much as they desire into a startup, thereby, enabling a new class of investors that has the same opportunities for building wealth as the wealthy individual.

The caps also take away the ability of smaller investors to influence the development of a business. An individual limited by the caps loses influence to a wealthy individual because it allows them to invest a disproportionately higher amount of money than smaller investors. This will allow wealthy individuals to exercise almost complete control over businesses.

This brings me to my final point. The limit of $1 million that any startup can raise from non-accredited investors should be done away with. Startups should be allowed to raise as much capital as they like from non-accredited investors; this provides an even playing field vis-à-vis the accredited investors. The $1 million limit will also discourage startups from acquiring funding from non-accredited individuals due to the hassles of extra compliance with SEC regulations in return for an immaterial amount of funding, when taken into perspective.

The goal of Title III is to enable small time investors to have a shot at shaping our economy and society, and to be able to get in at the early stages of a business, thereby, increasing their chances of not overpaying for their stake. The historical annualized return for savings accounts is 6%, the stock market is 9%, and venture capital is 27%. Small investors should be afforded the same opportunity to earn a higher return on their investments, albeit more risky.

The estimated U.S. market for Title III crowdfunding is approximately $2 trillion. These caps and limits will significantly reduce the advantages that can be provided by the wealth of everyday investors. Though these caps are reasoned for by claiming to protect the small investor, they will inadvertently end up hurting the small investor due to the aforementioned reasons. Investors should be allowed to fully participate in this new financial innovation and investment mode, and have a chance to achieve the American Dream.

Sincerely,

Muhammad Ali Qizilbash