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March 24, 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
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Re: File No. S7-11-13, http://www.gpo.gov/fdsys/pkg/FR-2014-01-23/pdf/2013-30508.pdf

This comment addresses the 141-page Proposed Rules for revision to Regulation A pursuant to Title IV "SMALL COMPANY CAPITAL FORMATION", JOBS Act Section 401 & Rel. #34-71120 & #39-2493

JOBS Act legislation URL http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf

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

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

The SEC failed to enact, by the deadline imposed by Congress, the Rules that were mandatory pursuant to the JOBS Act. Since July 4, 2012 the Commission, its Commissioners, its Staff Attorneys, and its political defenders have been guilty of willful violations of federal securities law. The Commission has shown complete disregard for the hardship or harm that its willful violations of federal law have caused the American people. I hereby call for a full law enforcement investigation of these offenses. Unlike the Commission's good faith attempt to enact Rules regarding Dodd-Frank and other Acts, in the case of the JOBS Act the evidence is clear that the Commission could have met the deadlines imposed by law, but for purely political reasons the Commission chose not to do so. Those responsible must be held accountable for this transgression of the law and violation of the public trust. In my opinion, the SEC should cease to exist and/or it should be replaced by a new law enforcement agency similar to the Serious Fraud Office existing in the United Kingdom as a body of government: http://www.sfo.gov.uk/

One of the systemic problems that the SEC model creates, as a political commission authorized merely to make Rules and conduct private investigations and bring civil lawsuits against SEC's Offenders, is that its member Commissioners, Staff Attorneys and others are themselves not held to the standards of conduct that either sworn law enforcement officers or members of government are held. The SEC is fundamentally a vigilante justice group that occupies an untenable and irrational position in civil but not criminal law conflicts. When the SEC detects criminal activity, it has no authority to do anything about the crimes and must file a report with law enforcement just like any other private citizen would. This structure is defective. Citizens of our country expect the SEC to have actual powers and authority beyond politics or civil litigation. The time has come to eliminate the SEC and to create a new agency.

However, in the last two years since the JOBS Act became federal law there have been two remarkable events that give the appearance there might be at least one person employed by the Commission who is not corrupt and who is not merely attempting to protect the status quo for the benefit of themselves in their future career. The first event was the appointment of Mary Jo White as the new chair to replace the contemptible and despicable Mary Schapiro. This event was the first sign that things might actually be changing at the SEC and that if its days as a political Commission are indeed numbered because the Commission is a structural flaw in our nation's system of economic progress, as I believe, then at least there will be small amounts of tangible improvement to the policies, practices and Rules promulgated by the Commission during its final days of existence. I continue to have faith in Chair Mary Jo White.

The second remarkable event was the publication of a quality proposal for revisions to Regulation A: http://www.sec.gov/rules/proposed/2013/33-9497.pdf

Although weighing in at a hefty 384 pages, the "Proposed Rule Amendments for Small and Additional Issues Exemptions Under Section 3(b) of the Securities Act" published on December 18, 2013 does what none of the other JOBS Act-related political nonsense "Rulemaking" even attempted to do: makes things simpler for issuers, brokers, investors and everyone involved in support or affiliate roles in the lifecycle of new job-creating economic activities. Reducing the barrier to entry by small issuers is absolutely critical.

In summary, it is difficult to find significant fault with these Proposed Rules for the revised Regulation A.

I do believe it is necessary for Tier 1 to Pre-Empt state securities law, just like Tier 2 Offerings would. It is clearly this quality of preemption that is the true JOBS Act mandate from Congressional legislative action. Without preemption, there really is no JOBS Act Rule. It would be disappointing, but not fatal to the new Regulation A, if a JOBS Act quality is reserved for Tier 2 Offerings only. I would be happy to be supported in raising ten times as much capital as I would have raised for my startups in order to be able to rely on the new Regulation A+ Rule and thereby to PreEmpt state securities regulations while offering and selling to the general public with help of broker-dealers and the services of a new "private company" stock exchange. However, I wonder whether it is fair and reasonable to essentially withhold from ultra-microcap startups the supportive, high-quality securities regulations that every issuer that conducts a Tier 2 Offering will receive.

It does appear possible for ultra-microcap startups to conduct Tier 2 Offerings and to raise less than $5M so there should not be a big problem with leaving the concept of Tier 1 as-proposed. However the Commission should consider a third Tier – perhaps the Tier 1 as-proposed should be a middle Tier, require $1,000,000+ to be raised (as a minimum threshold below which the Offering would be deemed to have "failed"), and for a new Tier 1 to be available for any Offering amount including amounts below $1,000,000 up to the annual $5,000,000 limit without imposing the additional regulatory compliance requirements of either a Tier 2 or Tier 3 Offering under Regulation A. The new Tier 1 could impose even fewer up-front "qualifying" costs, including not requiring any audited financial statements, while still imposing subsequent periodic reporting obligations like the new Tier 2 (which is the Commission's current Tier 1 as-proposed) while the new Tier 2 could also be expanded to a $15,000,000 annual limit and Tier 3 could be increased to $75,000,000 or more.

I also believe it is very important for compliance with Regulation A on any Tier to be deemed satisfaction of Exchange Act Rule 15c2-11 broker-dealer record-keeping obligations. There does not appear to be any basis for the Commission to believe that it would help to deter fraud at all for only its proposed Tier 2 reporting compliance by an issuer to automatically satisfy these Rule 15c2-11 requirements. Allowing even reduced Tier 1 reporting standards to satisfy Rule 15c2-11 would enhance job creation and new capital formation for a larger number of startups and small business issuers by giving every such issuer access to capital markets.

Whomever was responsible for writing these Proposed Rules should write all of the Proposed Rules for the SEC from this day forward. Please do something to recognize and reward whomever was responsible for the very high quality work product involved in proposing these revised Regulation A Rules. Thank you.