



March 24, 2014

The Honorable Elizabeth M. Murphy
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Via Email: rule-comment@sec.gov

Dear Secretary Murphy:

Re: Proposed Rule for Small Issues
Request for Comment #26-30 (S7-11-13)
Proposed Investor Limitation
Standard & Consistent Regulation

The Commission recognizes protection of investors remains an underlying congressional mandate for a Regulation A offering.

To do so it correctly proposes investors limit their purchase in a Tier 2 offering to no more than 10% of their income or their net worth. Yet, it then undercuts the protection by the further proposal that the investor can merely proceed by check-a-box compliance, as long as the issuer does not actually know the representation is wrong. In effect, suggesting a practice of penmanship mixed with a don't ask otherwise attitude.

While such banter protects privacy, it does not protect the investor, or even cause an investor really pause to consider the effect on their estate before a deep plunge investment.

The solution has, however, already been worked out by the Commission in arriving at the standard for accredited investor private placement under the Jobs Act. The issuer is required to take reasonable steps to verify the income or net worth requirement by documentary evidence or the more workable option of a safe-harbor by way of third party confirmation [that is by CPA, attorney, investment advisor or broker-dealer], and thereby without public disclosure, 17 CFR §230.506(c)(2)(ii).

The Commission did so to satisfy a "reasonable steps to verify" workable concept for the Access to Capital. The Commission similarly voiced that "an intermediary must have a reasonable basis to believe" an investor satisfies the investment limitations for Crowdfunding compliance (12/18/ 2013 Release, pgs.168-170; Proposed Rule §277.303(b)(i)).

The professional service market has in turn developed a very inexpensive online verification service charging a minimal, if any, fee with the issuer taking on the small additional expense as its appropriate responsibility.

For example, our firm can measure swiftly and economically individuals' net worth through modern innovation while maintaining complete investor privacy. Indeed, many individuals of substantial wealth do not know their actual net worth, for example when part is tied up in private property or privately held enterprise. Accredited Assurance receives from the prospective investor the transmission and secure storage of their data and documents in bank grade encryption. Its protocol uses well-respected database services and algorithm software for approximate evaluation, and then checks against public record of filed encumbrances and credit worthiness. The investor is provided with online control of certification so they can allow an issuer one-time access to copy the certificate, or the firm can provide the issuing company a list of investors which it has qualified as in compliance in order for an offering to close.

The plain efficiency of a uniform protocol for all investment practice - whether private placement, crowdfunding, or Regulation A - is quite apparent. As the Commission itself suggests, the "accredited investor" concept may well qualify for any of these procedures, and there for the protocol should be the same throughout.

With the above in mind, the verification requirement as already in place for the Access to Capital provision of the JOBS Act should implement Tier 2 Regulation A offerings.

Very truly yours,

Paul S. Sigelman

Paul Sigelman

Cc: The Honorable Mary Jo White, Chairman
The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Kara M. Stein, Commissioner
The Honorable Michael S. Piwowar, Commissioner