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March 25, 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
JOBS Act legislation URL http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.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

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
I submitted 2 comment letters yesterday, published at http://www.sec.gov/comments/s7-11-13/s71113.shtml

It has come to my attention that there may be some confusion even amongst securities lawyers with respect to the practical implications of the newly-revised Section 12(g) caps as implemented in the JOBS Act Rules.

Some securities lawyers apparently believe that an issuer with more than 500 non-accredited certificate holders of record who acquired their certificates directly from the issuer in a primary market transaction where the issuer or an affiliate thereof was the first-sale seller or first-resale reseller/distributor would be deemed to have exceeded the Section 12(g) cap and would be required to register with the SEC pursuant to the 1934 Exchange Act EVEN IF THE ISSUER HAS ASSETS OF LESS THAN $10 MILLION.

The Commission needs to make it more clear that Section 12(g) does NOT impose a shareholder of record cap for certificate holders for any small company with assets less than $10 million. Some commenters have expressed the belief that there is not enough clarity as to what "assets" actually means, but I do not believe there is any practical problem with the definition of "assets" from a regulatory perspective. In my view, the issuer and its professional advisers are already afforded flexibility to determine how to account for and how to value assets. I do not think there is, nor will there be, a substantial population of companies near the $10 million threshold that manipulate accounting records to wrongly avoid the asset cap to remain unregistered.

Also, I would like the Commission to recognize that Congress imposed a requirement for audited financial statements as a condition of an issuer selling securities to the general public via the JOBS Act (the proposed revision to Regulation A) but when creating JOBS Act Title IV Section 401 language, Congress DID NOT MANDATE THAT THE AUDITED FINANCIAL STATEMENTS BE PREPARED PRIOR TO THE FIRST PUBLIC SALE UNDER TITLE IV. It would be sufficient for the final Rule to require an audited financial statement only after the first year of operations as a "public startup company" funded by "public" investors.