PUBLIC STARTUP COMPANY, INC.
https://www.publicstartup.com
2360 Corporate Circle, Suite 400
Henderson, NV 89074-7739
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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
Public Startup Company, Inc.
http://twitter.com/JasonCoombsCEO
http://JOBS-ACT.com/Coombs.Jason
http://facebook.com/publicstartup/info
http://linkedin.com/in/jasoncoombs
http://facebook.com/JasonCoombsCEO

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 3 comment letters previously published at http://www.sec.gov/comments/s7-11-13/s71113.shtml

Yesterday the Commission published a letter from William F. Galvin, Secretary of the Commonwealth of Massachusetts, that requires a detailed response and further action by the Commission. In my previous comment letter pertaining to Title III, dated February 11, 2014 and published here on the SEC website:
http://www.sec.gov/comments/s7-09-13/s70913-277.pdf
I warned explicitly of the very serious problems that are apparently being caused by the Commission's failure to: 1. Follow federal law, 2. Uphold the U.S. Constitution, and, 3. Protect the rights of EVERYONE who is endowed by their creator with inalienable rights that simply cannot be infringed. It is not empty rhetoric to warn that a civil war may be the only way to right the wrongs that are being caused or that have been caused by decades of disregard for the fundamental rights that every person in our society is supposed to possess from the moment of our creation. In many respects such rights also extend to corporate persons, and in the case of small business issuers of unregistered securities there is often no meaningful difference between a corporate person and the natural persons who are the founders or promoters of a small business.

Criminals do not have a right to deprive others of life, liberty or property, nor to interfere maliciously (nor for political reasons) in other people's pursuit of happiness. A government that refuses to start its legislative and regulatory duty with the affirmation that it shall first do no harm and second shall uphold the rights of everyone before it makes laws intended to protect against crime resembles criminal enterprise itself. When a government views itself as the most powerful criminal in the room, and first takes everything away from everyone else before designating itself, as owner and source of all value in society, as a unilateral authority that gets to choose who wins and who loses based on politics and prior success, that act becomes criminal.

Although the federal government must protect States' rights, William F. Galvin sets a war-like, angry tone. We all must calm down and remember how to start with protecting everyone's rights, regardless of the past.

Mr. Galvin writes in his capacity as the chief securities regulator for Massachusetts in his letter published at http://www.sec.gov/comments/s7-11-13/s71113-65.pdf

In his letter, Mr. Galvin asserts:

“our foremost objection is to the provisions that preempt the ability of the states to require registration of these offerings and to review them.” (see page 1)

“The … proposed preemption is contrary to the plain language and the principles of the National Securities Markets Improvement Act” (see page 2)

“to preempt state authority under Section 3(b)(2) is also contrary to the express legislative history and policy reflected in Title IV of the JOBS Act.” (see page 2)

“Congress granted the Commission the power to define qualified purchaser under Section 18(b)(3) of the Securities Act.” (see page 2)

“the Commission takes the principle of investor qualification and throws it out the window.” (see page 2)

“The legislative record on the NSMIA 'qualified purchaser' exemption makes it clear how the definition was intended to work, stating that, 'in all cases … the definition be rooted in the belief that qualified purchasers are sophisticated investors, capable of protecting themselves in a manner that renders regulation by State authorities unnecessary.'” (see pages 2-3)

“These are exceptionally clear statements of legislative intent. Congress deliberately used the term 'qualified purchaser' to mean persons who could, based on qualifying factors such as wealth and sophistication, fend for themselves.” (see page 3)

“To state the obvious, neither NSMIA nor the JOBS Act granted to the Commission the power to preempt state authority over categories of securities”

Now then, to understand what is wrong with Mr. Galvin's assertions one must read the Section 18(b)(3) of the 1933 Securities Act, which has existed in law long before the NSMIA or JOBS Act, and which states:

“**3. Sales to qualified purchasers**
A security is a covered security with respect to the offer or sale of the security to qualified purchasers, as defined by the Commission by rule. In prescribing such rule, the Commission may define the term "qualified purchaser" differently with respect to different categories of securities, consistent with the public interest and the protection of investors.”

Obviously, neither the NSMIA nor the JOBS Act ***needed to grant*** to the Commission a power it already has and which it has because Congress and Federal Law dating back to 1776 has itself held this power, which it has merely delegated since 1934 to a political commission called the Securities and Exchange Commission.

Section 18(b)(3) **obviously** grants the Commission the authority to define the term “qualified purchaser” **differently with respect to different categories of securities**! Mr. Galvin must be having trouble reading and understanding common English, and he should perhaps have his eyes checked by a medical doctor.

Section 18 of the Securities Act **obviously** preempts State authority over categories of securities. That is literally the title and purpose of Section 18 “Exemption from State Regulation of Securities Offerings” and **obviously** Mr. Galvin already knows this to be true so he shouldn't need to be able **to see straight** in order to remember how or why preemption of State securities regulator authority exists by Rule. Mr. Galvin does, however, need to be able **to think straight** in order to unravel the pretzel logic of his own enraged views.

Preemption of State regulation of securities offerings is the express purpose of the JOBS Act, including its Title IV provision. It is **obvious** that Mr. Galvin's substantial investment of time and effort in drafting a new "Coordinated Review System" for Regulation A Offerings of up to $5,000,000 pursuant to Section 3(b)(1) has caused him to have an irrational emotional reaction to the JOBS Act Title IV provisions, and to choose to read into the plain English meaning of Title IV some kind of guarantee or political promise that his effort to be the nation's savior under his new "Coordinated Review System" to fix the problems with Regulation A offerings would be protected under the new Rules promulgated by the Commission pursuant to Title IV. It is ironic, given the angry and war-like tone of Mr. Galvin's surprising letter, that the Commission has indeed preserved for him, as instructed by Congress, the opportunity to surpass the Commission's quality and its customer service to Americans. Mr. Galvin's new "Coordinated Review System" can go ahead and try to fix a market that does not even exist (the market known previously as the old-style Regulation A Offering) with full support from Congress and the Commission under Section 3(b)(1) now known as the "Small Issues Exemptive Authority" by virtue of legislative changes codified in Title IV of the JOBS Act. The Proposed Rule offered by the Commission refers to Section 3(b)(1) Offerings, which will still require Mr. Galvin's "Coordinated Review System" in order to ever begin to function at all, as "Tier 1" Regulation A Offerings.

I have proposed a new Tier 2 that would be inserted between the proposed Tier 1 and Tier 2, with the Tier 2 proposed by the Commission becoming Tier 3 instead. This new Tier 2 would ideally have the benefit of preemption of State regulatory authority pursuant to Section 18(b)(4) precisely as mandated by the JOBS Act Title IV Section 401. Furthermore, this new middle Tier would ideally NOT require up-front filing of audited financial statements by the issuer in order to reduce the cost to commence a new Regulation A Offering pursuant to the JOBS Act. In my view, only a newly-created Rule can possibly implement the new Section 3(b)(2) and without a new Rule, such as a new Tier or two new Tiers in addition to the old Tier 1 Regulation A Rule, there would in fact NOT be implementation of the Title IV provisions of the JOBS Act!

Section 201 of Title IV of the JOBS Act **obviously** affords the Commission the authority to create such a new middle Tier of Regulation A Offering which would permit small issuers to begin to raise capital prior to paying for audited financial statements provided that the Rule for this new middle Tier requires future filing annually by the issuer of such audited financial statements subsequent to the issuer receiving capital by way of the provision contained within the new Section 3(b)(2)(B) which states "The securities may be offered and sold publicly." It is **obviously** the intent of Congress through the JOBS Act to allow small companies to offer and sell securities publicly throughout the United States, and this **obviously** requires state preemption!

We must start with protecting everyone's rights, regardless of the past. This means that State regulators like Mr. Galvin must stop being emotionally invested in their vision of a future in which they will possess more political power and authority or in which they might earn points with voters or companies in America for "repairing" single-handed the broken, non-existent primary securities market for small issuers. Mr. Galvin and others similarly-situated must remember that protecting everyone's rights must come first or there is no regulation possible, as a system that starts by taking everyone's rights away does not regulate it just steals.

In a securities market defined, at its very core, by an act of mass-theft perpetrated by the regulators and the legislators themselves, one cannot expect to create very many honest business ventures. Tens of thousands of them, out of hundreds of millions of honest and good and ethical people, is an abysmal failure. To repair the systemic corruption, then to grow a new-and-improved method of value-added "Coordinated Review" within it some day, Mr. Galvin's system simply must be preempted. It is not, as Mr. Galvin implies, theft of States' rights by the federal government when Congress and the Commission choose **to restore rights** to the people of this nation that were unconstitutionally and improperly taken away from us by the previous SEC.

In his letter, Mr. Galvin further asserts:

"This is precisely the wrong context for the Commission to declare that all investors in such offerings meet the standard of being qualified." (see page 3)

What Mr. Galvin fails to remember, as he **obviously** has entirely lost the plot, is that the context here is an initial public offering or a secondary public offering of unregistered securities by an issuer who has finished an intensive qualification process filing detailed documents that the SEC will be reviewing to try to assure a minimum standard of truthfulness and eligibility. The new "Coordinated Review" methodology, including the very same staff members of Mr. Galvin's office and the offices of other State securities regulators, could very easily participate in the review and qualification of issuers' proposed Regulation A Tier 2 and Tier 3 unregistered securities Offerings. There could even, trivially, be a formal mechanism for public comment prior to qualification of Regulation A Tier 2 and Tier 3 Offerings so that anyone who might possess superior knowledge about unreasonable risk factors or false statements being made by a particular group of people organized in the form of a private company could proactively inform the SEC prior to qualification!

Any prototypes for automated or streamlined digital communications that Mr. Galvin has created for this new "Coordinated Review" methodology could trivially be utilized by the Commission during the standard review process for qualifying Tier 2 and Tier 3 Offerings. Thereby, none of the States' rights would be taken from them and only prospective issuers who pose unreasonable risks to investors (members of the general public) would need to be rejected. Mr. Galvin's central objection seems to be that he and his staff want to have veto power over the qualifying process, so I say the Commission should give them that veto power in any instance where the Commission is provided with good cause to withhold qualification for an Offering. To my way of thinking, this same veto power should be afforded to any person who can show good cause for any other person's proposed Offering to be rejected. If we do end up with a better, more interactive and more inclusive system of coordinated, shared, crowd-sourced veto powers, including a new public comment period prior to qualifying any new Regulation A Tier 2 or Tier 3 Offering, then all of Mr. Galvin's fears and objections would become moot because every investor who has ever bought securities from the people who are involved in a particular Offering would be able to speak out in opposition to any new Offering prior to qualification and every issuer who does commit fraud would be discovered in a reasonable amount of time so that future attempts by such issuers to start follow-on Regulation A Offerings could be blocked if needed.

There is **obviously** a better solution to Mr. Galvin's angry, judgmental and accusatory concerns, other than for Mr. Galvin to make bold threats with what are literally "fighting words" and it is **obvious** that Mary Jo White has the ability to reshape the Commission going forward to implement those better solutions. Only by starting with preemption, for the purpose of enacting the provisions required by Title IV of the JOBS Act so that truly-public Offerings can be conducted by small issuers in order to Jumpstart Our Business Startups without requiring small issuers to register with the Commission nor requiring small issuers to navigate the non-existent Regulation A "Coordinated Review System" in order to satisfy fifty different State regulators!

In his letter, Mr. Galvin further asserts:

"The Commission's proposal to use the qualified purchaser definition to turn Section 3(b)(2) securities into preempted securities follows the failed logic used by OTS in preempting state lending laws." (see page 4)

"We urge that it is dangerous for the Commission to so grossly distort the qualified purchaser exemption by simply declaring all investors in 3(b)(2) offerings are 'qualified.'" (see page 4)

"Once the Commission starts on this path, there is no clear stopping point. The states cannot and will not passively stand by and let this happen." (see page 4)

"Two pieces of legislative history demonstrate that preemption of state review was not intended by Congress" (see page 4)

"The record demonstrates that the intent of Congress was not to preempt the states in this area because preemptive language was removed from the bill after debate." (see page 5)

In response to Mr. Galvin's angry tone, and his accusations of wrongdoing, the Commission should perhaps file a report with the FBI. Although it was clear to me long ago, and I remarked as much in my February 11 letter to the Commission, that this question of whether or not to implement the JOBS Act at all was causing such vitriol and venom amongst those who have been opposed to it that one honestly must ask whether the economic slaves, whom the JOBS Act has the capacity to grant freedom and a new life as equals in the new and vastly-improved American economy, might be required "to mobilize people against the government in armed conflict for this restored freedom to be achieved in practice" (see page 4 of my 40-page February 11th letter to the Commission regarding Title III of the JOBS Act), it is nevertheless very disturbing to see that Mr. Galvin, on behalf of one of the fifty States, would be using "fighting words" and making angry threats of retaliation including "Massachusetts must consider all of our options to oppose this proposal" (see page 7 of Mr. Galvin's comment letter). Mr. Galvin, in his attempt to "Galvinize" the opposition to the proposed Rule, uses the word "fight" at least twice in his comment letter, uses the phrase "forcing our hand" at least once, and in my opinion Mr. Galvin crosses the line of reason and begins, astonishingly, civil war rhetoric!

All this because Mr. Galvin fears that "it could mark the start of a larger process of preemption."

With all due respect to Mr. Galvin, he deserves to be preempted because he and his predecessors in office have utterly failed to comprehend the most basic dynamics of small business capital formation and they have not acted in good faith to preserve economic opportunity for either investors or issuers in America.

Furthermore, Mr. Galvin's assertions are factually-incorrect insofar as they are **obviously** red herrings, such as equating the decision to comply with the public offering and "Treatment As Covered Securities for Purposes of NSMIA" explicit statutory provisions of Section 401 of Title IV of the JOBS Act with the OTS regulatory missteps which failed to provide reasonable supervision and regulation to the federal savings and loan industry during the 1990s when that industry imploded after bad actors exploited preemptive immunity from state laws and after innocent home buyers ignored the risks of over-investing in speculative real estate.

Mr. Galvin's assertions are also factually-incorrect insofar as they do not truthfully illustrate what he claims his assertions and citations illustrate. For example, both of his citations to pieces of legislative history that he asserts demonstrates that preemption of state review was not intended by Congress relate explicitly and exclusively to "an issuer using a broker-dealer to distribute and issue" unregistered Regulation A securities. The House Report on the JOBS Act that Mr. Galvin cites stated "This language preempts state securities law for Regulation A securities offered or sold by a broker or dealer, creating a class of security not subject to state level review, but which will not receive adequate attention at the Federal level."

Mr. Galvin's assertions, and his citations, are **obviously** materially-flawed and factually-wrong because he has ignored the reality that the final JOBS Act legislation purposefully crafted requirements of JOBS Act public offerings under Regulation A that, first of all, preserved the old Regulation A mechanism so that the old system of State review would not disappear entirely (unless nobody ever uses Mr. Galvin's new "Coordinated Review" because it proves to be ineffective and expensive or overly-time-consuming) and secondly the final legislation does contain additional requirements to enhance Federal attention and review. Importantly, to my way of thinking, consistent with the JOBS Act Title II and Title III provisions which serve to restore the basic constitutionally-guaranteed freedoms and rights to all persons including but not limited to freedom of speech and freedom of association, the final JOBS Act Title IV language does not require an issuer to use a broker-dealer to offer or sell Regulation A securities. There may in fact not be a need for issuers who make use of the new JOBS Act Title IV Regulation A Offering process to engage any broker-dealer intermediary in the act of advertising and solicitation of public investors. In my vision for the future under Title IV, broker-dealers would not be necessary but could help if the Commission can craft Rules to appropriately govern this nascent industry in which broker-dealers might be capable of providing services to small company issuers (as even Mr. Galvin knows, today it is virtually impossible for brokers to work on behalf of small company issuers unless the issuers are registered with a State regulator or the SEC).

When Title IV of the JOBS Act authorizes me to conduct public offerings and public sales of my company's own Section 3(b)(2)-qualified self-issued unregistered securities what I read in this legislative language and what I see **obvious** in legislative intent, which perhaps Mr. Galvin's eyesight problem or his rage prevents him from seeing, is a fundamental restoration of my rights as a human being and as an American innovator.

If the Commission deems it appropriate to prohibit the use of a broker-dealer in connection with Title IV public Offerings pursuant to Regulation A Tier 2 (and perhaps my suggested Tier 3) qualification process, that will be just fine with me. I would be very happy to respect legislative intent if the intent was to bar my use of broker-dealer intermediaries to offer and sell my unregistered Regulation A+ securities. I can and I will do the offering and the selling myself – and every other competent, ethical and honest startup company founder in this great nation would do the same – if the regulators will simply get out of the way and let us!

If the Commission prohibits involvement of broker-dealers in the offering and sales of JOBS Act Title IV securities then obviously this prohibition would only relate to initial and secondary offerings of securities in the primary market where an issuer is the seller and buyers directly purchase the newly-issued securities (or indirectly acquire the securities by way of a broker-dealer who has acquired the securities for distribution). The Commission would, in this case, obviously not prohibit broker-dealers from facilitating resales in the secondary Over The Counter market, nor would the Commission prohibit the new "private" stock exchange platforms such as Shares Post, Second Market, or the upcoming NASDAQ Private Market, from accepting "listings" for secondary market trading by way of broker-dealers. I completely understand the regulatory concerns that Mr. Galvin and the Commission legitimately have with respect to allowing broker-dealers to conduct offers and sales on behalf of issuers in primary first-sale and "resale by plan of distribution" sales. It was obviously not the intent of Congress to circumvent proper underwriting obligations and duties in connection with exchange-listed IPOs, nor to put the investment banks out of business, but rather it was obviously the intent of Congress to allow those of us who are willing and able to do our own securities offerings (such as through the Internet with the help of social networking and social media and private crowdfunding or similar loosely-regulated marketplaces) to go ahead and do them to the best of our ability and without being required to register our securities with any regulator. It was **obviously** not the intent of Congress to create a Title IV public offering regime that would still require issuers to register their new securities with any State regulator! Mr. Galvin's assertions to the contrary and his angry tone are disturbing.

Anyone who has read all of my comment letters regarding the JOBS Act will see clearly that I am not, have not and will not be angry nor advocate any war-like tone like that which Mr. Galvin put into his letter. What my experience and my expertise lead me to feel is profound enormous frustration with a system that appears to me to be wholly-corrupt and self-interested. I am very disappointed that people who should have known better have chosen to ignore the U.S. Constitution and to arbitrarily advance fear-mongering and irrational thinking about economics and risk and in the process to sabotage basic literacy. Making forward-progress financially in life is hard enough without federal and state regulators beating the war drum and spreading fear and panic, or just being intentionally-incomprehensible and threatening to do things that are insane.

Every public official and employee of federal or state government is entitled to make honest mistakes. It is even understandable that many such employees and officials would be temporarily confused and would cause people harm, either by action or inaction, when in hindsight it seems obvious that they could and should have known that it was wrongful to cause that harm and that the harm was preventable. But what we expect from our public servants and trusted elected representatives is a fundamental, unwavering dedication to discover the truth and to create the right balanced regulations and policies that make our nation better.

If people like Mr. Galvin are allowed to hijack the JOBS Act implementation process with war-like, angry and spiteful self-destructive rhetoric and threats, then very real opportunities for tens of millions of people to begin to grow new startups and to create tens of millions of new sustainable jobs will be destroyed. It was **obviously** Congress's intent to have JOBS Act Rulemaking finished **by the deadline of July 4, 2012!** I urge the Commission to file complaints with the FBI if Mr. Galvin takes any of the illegal actions he threatened.