

certainly be argued that simply presenting an investment opportunity to a prospective investor by a “Finder” could constitute a recommendation. In the registered broker world, Regulation Best Interest would apply when a recommendation is made. After everything our industry has gone through and the hundreds of millions of dollars spent to prepare for Regulation Best Interest, for the Commission to suggest “Finders” would not be subject to it is disheartening and endangers the investing public.

Crescent fears the Commission will find it difficult to subject “Finders” their regulation. If the offering is relying on an exemption from registration, the issuer is not a reporting company, and the “Finders” are not registered in any capacity, how can the Commission fulfill its oversight duty? This seems impossible, and we fear it will result in abuses that only come to the Commission’s attention *after* damage to the investing public has been done.

While Crescent appreciates that the Commission is exploring ways to connect small businesses with the capital they need to flourish, we do not believe using “Finders” exempt from registration and subject to sporadic to no oversight is the answer.

As others have commented, small businesses have been served by smaller broker/dealers like Crescent for years. We understand it makes no economic sense for a large firm to participate in raising capital for a small business. This is an area where smaller firms such as Crescent can create a competitive niche in our marketplace. Allowing small businesses to raise capital through the use of “Finders” exempt from registration as a broker not only puts the investing public at risk; it also increases competition for the smaller broker/dealers who focus on these types of raises.

Lastly, my personal experience has been unfavorable. Over the years, Crescent has been approached by several small companies that have engaged unregistered persons (“Finders”) to assist with capital raises. Without exception, the companies had been misled in most aspects of the process and had agreed to pay the “Finders” excessive fees. By adopting the proposed policy, the Commission may be opening a door that will be difficult to manage, and probably not be able to be shut.

To summarize, Crescent strongly believes the proposal will create more harm than good. The investing public is already quite confused as to the different hats we wear in our industry (registered representative verses investment advisor representative) and adding another category to an already confusing landscape does not serve the investing public. We encourage the Commission to not adopt this proposal in its current form. Having properly vetted, trained, and seasoned registered investment professionals continue to provide these services to small businesses raising capital remains the best and safest route, both for the companies involved and the investing public in general.

We appreciate the opportunity to comment on this proposal.

Sincerely,



Nick Duren
President
Crescent Securities Group, Inc.