

Zionist Advocacy Center
305 Broadway Suite, New York, NY 10007
PO Box 3353 Church Street Station, New York NY 10008
Tel. 212-897-5821 Fax 212-897-5811

EXECUTIVE DIRECTOR
David Abrams

December 16, 2018

To: Brent J. Fields, Secretary (by e-mail rule-comments@sec.gov)
U.S. Securities and Exchange Commission
100 F Street Northeast
Washington DC 20549

Re: Request for Comment on Concept Release on Compensatory Securities Offerings & Sales, Release No. 33-10521; File No. S7-18-18

Dear Secretary Fields:

I am an attorney and pro-Israel advocate who works in New York. I respectfully request that you accept this late comment on the SEC Release of July 18, 2018 entitled "Concept Release on Compensatory Securities Offerings and Sales." My primary concern is the submission of September 21, 2018 of Airbnb, Inc. ("Airbnb") in which Airbnb argued in favor of expanding the Section 701 exemption so that stock could be offered to persons who host property using Airbnb's service.

As set forth below, Airbnb's submission raises two concerns which militate against expanding the exemption.

I. Religious and National Origin Discrimination

A few weeks ago, Airbnb announced that it would cease accepting property listings from certain hosts in Israeli settlements in Judea and Samaria, commonly referred to as the "West Bank." Although Airbnb claims that it is not engaged in an anti-Israel boycott, it would appear that the net effect of its new policy is to deny participation in its platform to Jewish people in the West Bank but not Arabs.

Numerous legal and/or regulatory challenges have been filed against this practice, both here in the United States and in Israel. Indeed, the I understand that the Policy Board of the State of Illinois has made a preliminary determination that Airbnb is not eligible for investment by the State of Illinois. I myself represent the Claimant in an arbitration proceeding recently filed in New York.

The relevance here to Section 701 exemptions is that with employees, there is a well established statutory and regulatory regime in every state in the nation which prevents unlawful discrimination on the basis of religion and national origin. With respect to the "sharing economy participants" to whom AIRBNB would like to issue stock, the law is much less developed and much more of a patchwork.

Can Airbnb issue securities to its hosts in such a way as to exclude some potential recipients on the basis of their religion or national origin? It would appear that the answer is

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"no" but until there is a definitive consensus on this issue, I respectfully submit that the SEC should not have an exception for "sharing economy participants."

II. Use or Abuse of Equity Offerings as a Backdoor to Increasing Market Share

There is another important conceptual difference between traditional employees and Airbnb hosts. In the case of hosts, there is no upper limit on the number of hosts a company like Airbnb would like to have register for its platform. If a million new hosts signed up tomorrow for Airbnb's platform, that would be great news for Airbnb (assuming none of the new hosts are Jews living in the Judea and Samaria region). By contrast, the potential number of employees is limited by company payroll and hiring practices.

Why does this matter? Under Airbnb's proposal, companies like Airbnb would be incentivized to dangle the offer of equity in front of potential hosts in hopes of creating a stampede, allowing such a company to dominate the market and generate large amounts of short-term revenue. Such a plan would amount to an indirect way of circumventing the protections inherent in the Securities Laws.

To be sure, I am not privy to the thinking process of Airbnb's leadership, but based on my experience over the years I would guess that this is exactly their plan: To attempt to spark a "gold rush" or "feeding frenzy" using the offer of a glamorous stock promotion in order to raise capital and secure their market position without having to be burdened by traditional disclosure and regulatory requirements in doing so. I respectfully submit to you that such a plan is not consistent with sound regulation of the financial markets.

Sincerely yours,



David Abrams