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January 2, 2016

Brent J. Fields, Secretary
Securities and Exchange Commission
I00 F Street, N.E.
Washington, DC 20549-I090

Re: File Number S7-22-15
Comments on Rule 147

Mr. Fields and Members of the SEC,

I'd like to commend and thank the SEC for its willingness to take swift action to modernize Rule 147, among other rule changes. My comments are focused on the changes to this "safe harbor" and how it might improve implementation of intrastate securities laws within each state. I will share my Oregon story, and provide comments on both the concerns of a new rule being created as well as on the proposed content changes.

I led the creation of Oregon's intrastate crowdfunding law (which resulted via rules change), and have subsequently worked hard alongside countless new advocates to increase awareness of its potential to strengthen local economies throughout the state. Our nonprofit Hatch Innovation worked closely with our state bar and state regulators to write a balanced law. We created a statewide team, and developed over 60 partnerships with economic and community development agencies and networks, professional firms, universities, incubators, and other nonprofits to build new infrastructure for local investing here. Since our rules change became law January 15, 2015, I have been in 22 cities across Oregon, presenting and educating about it. On many stops I was joined by Oregon's office of the Sec of State as well as our state's business development agency. We have been hosted by Chambers of Commerce, SBDCs, economic development districts, tribes, commissioners, mayors, legislators, and foundations. We are all building a foundation for Oregon to be one of the states who implement this law well and help close the capital gap. I have also consulted with six other states, all struggling with implementation and education. So, I can assure you, as someone who has spoken over fifty times on panels and presentations about this, including at the latest NASAA training, these changes are sorely needed.

Imagine, a small town newspaper with very limited (in-state) distribution interviews a local company doing an offering using our exemption, who makes something (I can't say exactly since I might be construed as publicizing the offering out of state if these comments are posted online). He then gets quoted discussing his company's offering in the most general terms. So far so good – in print. Since the paper operates in the current century, the article is then posted online. He is now out of compliance with Rule 147 as it stands now. He might very well receive a letter from a state regulator asking him to cease advertising out of state. This may seem excessively cautious, but it is a true story. The sooner the ban on internet publicity can be lifted, the better.

Also, I understand there is concern that the existing laws/rules would have to be (once again) updated when these changes go into effect, which many of the champions of these laws know can be a very painful and time-consuming process in our states. While I do not believe this is as

insurmountable as some suggest (though our process was unusually swift), the recommendation that the SEC provide a more modern interpretation of 3(a)(11) thus making it more compatible with an updated 147 as a "safe harbor" (and why not?) would certainly be preferable, if possible. Others have outlined this issue well, and in detail, so I won't duplicate that here.

However, if there is no option but to issue 147 as a separate and new rule, would the SEC not provide a period of time for states to update their rules/laws ensuring no panic ensues from either state regulators or entrepreneurs using the law, perhaps a 12-month period? NASAA could provide some guidance here. (There is some irony that we are worried the SEC might move *too fast.)*

Again, thank you for this forward movement in securities regulation. My comments follow:

1. **I support the removal of the prohibition on out-of-state "advertising."** The use of the internet and social media is key to business development, and is an expectation of professional behavior. Retaining the restriction of sales only to those who reside in the state is reasonable and desired.
2. **I support an alternative form or test/s for a company to be "a state business"**. A selection of three from the following list would satisfy:
    a. Require that at least 80% of the funds raised are used in state.
    b. Require that the "main office" (head office, HQ) be located in the state.
    c. Require that 80% of all the company's "work" is done in state, such as manufacturing, producing, crafting, building, brewing, assembling, etc.
    d. Require that 80% of employees live in the state.
    e. Require that 80% of owners are in state.

    I have heard other tests suggested, but hope the committee will supply entrepreneurs with a reasonable list and then require them to qualify for "at least three". The number 80% is somewhat arbitrary, but certainly more than half.

3. **I do not support the lifting of the restriction that companies register in-state.** The national Title III and other crowdfunding tools provide for the option of registering wherever they wish, and may well be more appropriate. I believe that these intrastate laws are focused on state economic development *in addition to* capital formation for entrepreneurs and financial return for investors, and therefore the retention of capital within the state is a necessary component of the successful spread of benefits. States should work to improve their own business and tax laws making them more beneficial for all businesses.

Many thanks for addressing these issues,. If I can provide additional feedback, please don't hesitate to get in touch.

Amy E. Pearl
Founder and Executive Director
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