Thank you again for the opportunity to comment on the Concept Release on Harmonization of Securities Offering Exemptions. This is my second comment letter. The first one primarily focused on proposed ideas for potential modification of the "accredited investor" definition as well as an alternative exemption (or a modification of an existing exemption) to allow non-accredited investors to invest alongside accredited investors under certain circumstances. This letter elaborates on that alternative exemption in relation to one potential method of harmonizing Rule 506(b) and Rule 506(c). This letter does not seek to address other aspects of Rule 506 or Regulation D not commented on. For example, it does not address whether Rule 504 would still be necessary, given its limited usage, overlap with the proposed exemption offered herein, and with any potential changes that might be made to Regulation A Tier 1 or other exemptions as a result of the Concept Release. It also does not address bad actor disqualification.

THE CASE FOR GENERAL SOLICITATION

The Concept Release aptly acknowledges that changes over the years in information and communications technologies have led to information about exempt securities offerings being far more readily available to potential investors and to the general public and at a lower cost than at the time many of the exemptions were promulgated. I applaud the JOBS Act and Title II/Rule 506(c) in particular. This comment letter may be applicable not only for Commission rules but also for legislative changes. When we think about general solicitation, we often think of it as an issuer benefit. However, it is also an investor benefit because access to investment opportunities impacts potential wealth. Improvements in information and communication technologies have benefited not only accredited investors, but all investors. Therefore, allowing accredited investors who already have the benefit of access to non-generally solicited private offerings to have even greater access to deal flow because they uniquely benefit from general solicitation while precluding non-accredited investors from the same only serves to widen the disparity between the two groups. Additionally, we must be very aware of the fact that the nature of general solicitation is that non-accredited investors will likely be exposed to offerings and then later be dismayed to discover that they are not allowed to participate. I propose that the general solicitation benefit be conferred upon all investors and that we find an alternative method to protect non-accredited investors. Of course, simply because we enable the general solicitation benefit for all investors does not mean that we necessarily obligate issuers to market to everyone; issuers should still be able to identify demographics of investors they wish to focus marketing efforts on and determine who to accept or not as actual purchasers.

DIFFICULTIES OF RULE 506(c)

The defining features of Rule 506(c) are that it allows general solicitation and that it requires reasonable steps verification of accredited investors. While the concept of the reasonable steps verification in Rule 506(c) is honorable, I feel that it does not achieve its intended purpose. Reasonable steps verification was purportedly designed to protect investors. However, investors do not generally need protection from themselves as much as they need protection from third party unscrupulous actors. Issuers that are good actors and qualifying accredited investors are not further protected by a reasonable steps verification regime. The added burden of accredited investor verification negatively impacts the subscription process and is a painful burden for both issuers and investors, allowing only service providers to profit at the expense of issuers and the very investors we mean to protect. Further, the added inefficiency and compliance costs are ultimately borne by the investors either directly or

indirectly. For issuers that are bad actors, they now are empowered to collect additional information which they can use to defraud investors. For investors that would choose to misrepresent their accredited investor status, they can defeat reasonable steps verification by providing fake evidence. Even if no party acts maliciously, the transmission, storage, and handling of such sensitive documents poses a significant privacy and security threat to investors. Accredited investors who were otherwise qualified are inconvenienced and put at heightened risk with absolutely no added protection. Non-qualifying accredited investors obtain very little additional protection and can be better protected through a much more efficient method.

Additionally, verification of certain types of accredited investors can be rather impractical as I may outline in another comment letter focusing on the interplay between Rule 506(c) and the definition of accredited investor.

HARMONIZING RULE 506(B) & RULE 506(C)

We might consider collapsing Rule 506(b) & Rule 506(c) into a single exemption as follows:

(1) General conditions: Terms and conditions of 230.501 and 230.502(a) and (d) to be met.

(2) Specific conditions: Unlimited number of accredited investors. Non-accredited investors allowable subject to minimum requirements for co-investment by accredited investors (both by dollar amount and number (or ratio) of accredited investors). No accredited investor verification; investors can be qualified through a standardized accredited investor questionnaire and diligence process. All investors sign a standardized one or two page disclosure acknowledging the risks of private placement investments (this does not seek to replace the requirement of typical anti-fraud disclosures but is additional).

With this proposal, the 230.502(a) integration concept should be left intact. The 203.502(d) limitations on resale should also be left in place, although they may need to be reformed or updated. We should, however, consider whether 230.502(b) should be left intact as is. In particular, 230.502(b)(2)(iv), (v), and (vii) seem reasonable to retain while we might want to take a closer analysis of 230.502(b)(2)(i), (ii), (iii), and (vi) in order to determine their impact on discouraging issuers from accepting non-accredited investors and to harmonize those provisions against other exemptions.

This harmonized exemption expands upon the general exemption proposed by my first comment letter. The goal here is to allow all investors (not just accredited investors) to benefit from the improvement in information and communications technology and to take advantage of general solicitation. Because the harm to investors of requiring accredited investor verification far outweighs the little benefit, if any, that they might receive, accredited investor verification should be eliminated entirely. Instead, we could fall back to the battle-tested Rule 506(b) method of qualifying accredited investors with the modification that the accredited investor verification questionnaire and diligence process should be standardized. Investors that choose to misrepresent their accredited investor status do not deserve protection, and issuers that are complicit in coaching investors on how to improperly pass the accredited investor questionnaire should be punished. By eliminating reasonable steps verification, I believe the offering process will be smoother for issuers and investors, investors will be better protected with less threat of potential privacy/security concerns associated with having to verify, offerings will be faster and more efficient, and the costs of conducting offerings will be lowered. Since the definition of accredited investor is standardized, why should there be multiple versions of questionnaires and methods of

conducting this diligence? Instead, we should create a standardized accredited investor questionnaire with specific instructions and guidance for issuers on how to interpret answers and when to conduct additional due diligence. This will provide a uniform process for vetting out accredited investors nationally which will improve offering mechanics because both issuers and investors will grow accustomed to the standardized process and will minimize errors because issuers will have greater clarity on proper ways to screen for accredited investors. Investors are also protected by standardized risk disclosures which will ensure that they acknowledge risks of investing which might not be appropriately disclosed otherwise. Non-accredited investors are further protected by co-investment requirements and caps on investments.

This alternative is simpler to comply with and enforce. In addition, it increases issuers' access to capital and investors' access to opportunities (dramatically benefitting non-accredited investors, but also benefiting accredited investors), yet still provides reasonable protection for non-accredited investors. It also streamlines the investment process by going back to a Rule 506(b) influenced mechanics of offering but modernized with general solicitation and standardized processes to ensure uniform disclosure and accredited investor qualification.