

From: Frederic C. Schultz, Esq. and Alastair Onglingswan, Esq., owners of CrowdStockz.com., CrowdStockETFs.com., and CrowdStockFunds.com
To: Securities and Exchange Commission (SEC)
Re: Proposed Crowdfunding Securities Rules for Jumpstart Our Business Startups (JOBS) Act Legislation
Date: 2/3/2014

We are the founders of CrowdStockz.com, CrowdStockETFs, and CrowdStockFunds.com, websites where we intend to be a marketplace for people to sell stocks in their companies, and for others to buy the stock. We have been excited about the JOBS Act legislation since President Obama first proposed it. We believe that, properly executed, it has the potential to be the biggest liberation of capital to the public, and flow of capital to fund good ideas, since the British East India Company first sold stock in England in 1600. Then, stock was only sold to “aristocrats and wealthy merchants” (Wikipedia.org). This JOBS Act will be the most radical shift in capital, both in democratizing who can sell stock in their company, and who can buy stock in small companies, since the concept of the sale of stock was first invented. We want to make sure that the goal of that democratization of capital and of freedom to buy and sell stock is implemented in allowing an unlimited number of portals as marketplaces, and in allowing anyone with any net worth or any income to buy any amount of stock that they want or believe they can afford to.

Furthermore, we want to be allowed to buy and sell Exchange Traded Funds (ETF’s) and Mutual Funds of baskets of crowdfunded equities. Congress did not address ETF’s at all, but we should be allowed to do so. Congress’ rule that equities cannot be sold for one year would completely inhibit the sale of ETF’s, as well as all securities, for a year. This is horrible as it would lock up one’s capital, even if he needs it to eat or pay rent. But locking up the capital also does not allow for one to plan for and adjust to changes in the marketplace on a split-second basis, which is so important in our rapidly changing world. Finally by allowing the purest and most direct flow from world investors to American companies, this new law has the potential to greatly raise the net worth and standard of living of all Americans, and really of all humans.

America has always been a beacon to the world both as a nation that stands up for the oppressed of the world and spreads democracy, and that through capitalism spreads wealth to the nation and world. Currently, 1% of the world’s population controls 40% of the world’s wealth (source: Wikipedia.org). Wealth disparity, and extreme suffering by billions in the world, is one of the central issues we must address in the coming years and decades, both nationally and internationally. While this JOBS Act will not solve all the world’s problems, it will certainly help to address and reverse the problem of extreme wealth disparity worldwide.

Our main worries are the following:

- 1) Our main overriding concern is that, although Congress did not specify any limit on how many Web Sites would be allowed to act as “portals” to buy and sell stock, that you might impose limits. We are concerned by reports in the press (Bloomberg.com, etc.) that the SEC was

considering limiting the number of web portal marketplaces to “approximately 50” as an “experiment” before later deciding if and how many more portals to allow.

We believe that this proposed limitation by the SEC, if true, would go directly against both the letter and the spirit of the law President Barack Obama proposed and the U.S. Congress passed. As for the letter: Congress, in writing the law, specifically does not place any limits at all on the number of web sites that will be allowed to act as “portals” to help companies sell their stock and individual and institutional investors to buy their stock. This was not an accident: They did this because they wanted to allow the purest flow of capital to Americans starting companies, not the government selecting which websites, and which website owners, will be allowed to profit from owning and operating a “portal”.

As we know from recent reports in Sunday’s New York Times and today’s Editorial in the New York Times, the revolving door from government to lobbying government for business has been accelerating in the last several years, despite legislative efforts to the contrary. (“The Capitol’s Spinning Door Accelerates” by the Editorial Board of the New York Times. Feb. 2, 2014. <http://www.nytimes.com/2014/02/03/opinion/the-capitols-spinning-door-accelerates.html?hp&rref=opinion>.) Allowing the SEC to limit the number of website stock exchanges (“portals”) to “around 50” and then decide which of all the websites and who of all the website owners in the nation gets to be one of those chosen 50 is not only a formula for not choosing the best and most innovative websites, but also a formula for corruption. The only way to make such corruption impossible is to exercise Congress’ intent at both purifying capitalism and flow of capital and not impose any limits on the number of portals allowed to offer stock for sale. Yes, eventually, maybe there may be one or two websites that are the main ones people go to to crowdfund equities, but those top ones might constantly shift, based on their service, etc. Furthermore, allowing unlimited “portals” allows unlimited constant natural innovation in the marketplace. Pure Capitalism, and the natural flow of capital to the best companies with the best ideas, with simultaneous spreading of the wealth, is far superior to “Crony Capitalism”, which allowing any limitation on the number of and selection of the “lucky” portals would be.

2) As we mentioned in our introductory paragraph, we deeply believe in the need to be allowed to sell E.T.F.’s and Mutual Funds of these stocks. We could have one basket that would encompass every stock we sell, and further limit categories by such concepts as size of company, goods and services, technology, health care, etc. Congress obviously did not address the formation of E.T.F.’s, but we want to be allowed to sell these, as these are clearly what the consumer wants, given the recent trend of huge money flows to E.T.F.’s, and even with E.T.F.’s inflows and outflows now greatly affecting the stock market day by day. The individual investor demands E.T.F.’s, and we want to provide them. But to do so, we must do away with the requirement of a one year lockout on selling shares after they are first sold. And, as mentioned earlier, the necessity of average citizens to have automatic liquidity and option to buy or sell a stock or ETF, as any other investor in a larger company can, is extremely important, both so individuals can meet household needs, and to accurately gauge a company’s worth at any given second.

3) Finally, we will address concerns we have in the proposed promulgated JOBS Act rules. Overall, we found the proposed rules quite comprehensive, accurate to the legislation, and

well considered. The SEC did an especially rigorous teasing out of all the comments, and asking for requested comments now from us on various aspects.

Of all the proposed rules, our main objection is: we believe that the legislation is too restrictive, especially to those at the lower and higher ends of the wealth spectrum. On page 26, you ask if people should have less restriction if buying small amounts like \$250? We believe that in this world with trillions of dollars, \$250 is not a large number, and that really, the restrictions on amounts of stock someone is allowed to buy are arbitrarily small, and that ideally there should be no limits. If you must have a limit, at least raise the limits to 30% of net worth. Also, you ask on page 29 if institutional or accredited investors should be allowed to have higher limits? We certainly agree that all limits to amounts of investment should be uncapped, to allow the freest flow of capital to ideas.

We thank you for the hard work you put into promulgating these rules, and we just hope that you address our above concerns to help realize the true potential of this monumental legislation. It is time to get our great nation, America, working again. Thank you for this opportunity for allowing us to help.

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