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March 24, 2014

To: Mary Jo White, Chair
Elizabeth M. Murphy, Secretary
Charles Kwon, Office of Chief Counsel,
Division of Corporation Finance
Securities and Exchange Commission
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Re: File No. S7-11-13, http://www.gpo.gov/fdsys/pkg/FR-2014-01-23/pdf/2013-30508.pdf
JOBS Act legislation URL http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf

This comment addresses shell companies relative to the revision to Regulation A pursuant to Title IV "SMALL COMPANY CAPITAL FORMATION", JOBS Act Section 401 & Rel. #34-71120 & #39-2493

I previously urged the SEC to formally adopt "A Bill of Rights for Securities Issuers Under The JOBS Act" https://publicstartup.com/A_Bill_of_Rights_for_Securities_Issuers_Under_The_JOBS_Act.pdf

I have been writing letters to the SEC since 2012 when the corrupt, criminal, outrageous action of the former Chair, Mary Schapiro, and her co-conspirators including most of the present Commissioners, first made it clear to me that the SEC was going to continue to be the problem rather than the solution.

My previous letters have been tweeted on my Twitter account: https://twitter.com/JasonCoombsCEO

This is my second Comment letter submitted today. I wish to supplement my earlier submission with an explicit request that the Commission revise Rule 144 as part of the final JOBS Act Rulemaking process for Title IV, Section 401. There has been an unintended defect, and serious problems have been caused in the Over The Counter market because of this defect, in the language adopted as the final revised Rule 144 that the Commission implemented on February 15, 2008. The defective language unreasonably, and in my view also unconstitutionally, labeled with a "scarlet letter" all companies that were formerly shell companies.

While wearing the "scarlet letter" of "shell company" or "formerly" shell company, such companies are currently prohibited from reliance on Rule 144 unless these companies register with the Commission, then become and remain fully-reporting and fully-compliant with the 1934 Exchange Act, as a public company.

I am very happy to see that the Commission intends to permit shell companies and former shell companies to raise capital in Regulation A Offerings. That is clearly the right policy decision, despite the legal problem that many former shell companies have, including the bizarre subset of former shell companies that have an incident of corporate hijacking as part of their corporate genetic history. In 2004 when I sold my forensics business to a public company (PivX Solutions, Inc.) that was a former shell company, my equity in my own business became equity in a former shell company. As a result, my equity has been impaired since 2008 as though I had done something improper or illegal and as though I deserved to be punished for my actions. Such arbitrary punishment because of this immaterial matter of with whom I chose to associate, or who the previous founders of the former shell company might have been prior to 2004, is no different from labeling me as unworthy of access to capital because my company merged its corporate body with suspected sinners. Nobody should ever find themselves in the sort of situation I found myself in just because of regulatory bias

against “unclean” or “bastard” corporations that were not born to the pure-bred, wealthy, privileged 1%. In the new Regulation A-compliant JOBS Act public offering process, which I am looking forward to helping millions of other people utilize expertly to lawfully and ethically raise new capital to launch millions of awesome new startup companies, nobody will be able to comprehend the difference between a former shell company and a company that was never previously a shell company, just as I did not, and had no way to, understand that my decision to sell my forensics business to a public company that was listed on the small cap NASDAQ OTCBB market would ever potentially result in my equity being labeled with “scarlet letter” type resale prohibitions. If not for the fact that the company I sold my business to went public by way of a reverse merger, and was previously a shell company, and then de-listed from the NASDAQ OTCBB, and then filed Form 15 to de-register from its 1934 Exchange Act reporting requirements, then my equity in my own company would not have been labeled with this “scarlet letter” and there would not have been resale restrictions other than those which are absolutely essential and reasonable, regarding anti-fraud and other insider trading-related regulations. Under the proposed revised Regulation A, my company will have the right, despite being a former shell company, to sell unregistered securities to the general public. When we do so, unless the Commission revises Rule 144 to correct the defect introduced on February 15, 2008 it will not be clear to any of our buyers that the SEC has labeled our securities with a “scarlet letter” that will in fact prohibit the buyer from ever reselling their securities unless and until we first re-register the securities with the SEC pursuant to the 1934 Exchange Act. This is all totally incomprehensible, and must be fixed.

It should not matter where one's equity securities came from, whether from a former shell company and a reverse merger or whether from an IPO or a forward merger. Unless the securities at issue are being offered and sold by somebody who is committing a crime thereby, such as a corporate hijacking, all securities must be viewed as being endowed by their creator with inalienable rights that SEC shall pass no Rule to infringe.

We should hold this truth to be self-evident: **that all unregistered securities are created equal.**

The revision to Rule 144 that I believe is necessary to eliminate this “scarlet letter” effect does not even require a change to the language of Rule 144. The SEC could issue a revised interpretive guidance letter which clarifies that the prohibitions on reliance on Rule 144 by former shell companies applies ONLY to 1934 Exchange Act-registered issuers. It makes sense to me, and should continue to be the regulation that governs, for delinquent registered issuers who are former shell companies to be prohibited from relying on Rule 144 unless those issuers first file Form 15 to de-register. When a reporting, registered public company ceases to comply with its 1934 Exchange Act reporting requirements, a period of suspension of resale rights under Rule 144 does make sense, but in ordinary circumstances this should be only a limited period of suspension. If the SEC found it necessary to revoke the registration of such a former shell company issuer, then the issuer should continue to be subject to the current Rule 144 which requires the issuer to re-register before it is eligible to rely on Rule 144 again, perhaps unless the Commission decides that the filing of a Regulation A circular would suffice as a substitute for re-registration even for those former shell company issuers that had their registrations revoked. As a formerly-registered issuer that voluntarily terminated its own registration filing, my company and others similarly-situated should not be forced to wear a “scarlet letter” in perpetuity, especially not when other companies including brand-new companies have superior rights and privileges to rely on Rule 144 where these superior resale privileges exist for no rational reason.

I strongly urge the Commission to publish interpretive guidance relating to this former shell company issue to clearly establish a path to Rule 144 eligibility that is automatic in the three most common circumstances:

1. The former shell company was previously Exchange Act-registered but has since voluntarily deregistered

2. The former shell company was not previously registered but now is selling securities under Regulation A

3. The former shell company ceased to be a shell, was Exchange Act-registered and filed at least one 10-K