

The Crowdfunding Leadership Group
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April 5, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President,

Thank you for your leadership on the bipartisan JOBS Act and for signing it into law. This legislation is the beginning of Web 3.0 where social media meets community financing. It is a powerful piece of legislation that will spur entrepreneurship and create jobs. We would like to speak to the industry's efforts to come together at this nascent time and speak with a unified voice. We are sincere in our efforts to ensure that this legislation lives up to its intention, that an efficient marketplace develops and investors are protected.

We represent a group of 13 top equity and debt crowdfunding platforms and industry experts that are forming a leadership group to develop appropriate self-regulation for the crowdfunding industry. As you know, the JOBS Act requires that all crowdfunding platforms be a member of a national securities association. This leadership group will explore the various paths to meet that requirement in ways that protect investors and support a vibrant industry. The leadership group will include members of the crowdfunding industry itself in collaboration with legal, securities and SEC experts.

Crowdfunding will provide the opportunity for regular Americans to invest small amounts of money in businesses they know and entrepreneurs they believe in. According to Kauffman Foundation research these small companies are the source of net new jobs in the economy.

The rapid formation of this leadership group clearly demonstrates how focused the crowdfunding community is on protecting investors as they navigate this new class of investments. We are pleased to join this effort in providing access to capital for small businesses while protecting investors.

The goal of the leadership group is to agree upon a standard set of principles as well as pursue the development of a robust industry regulator. This group will also begin to collaborate with the SEC in its nine-month rulemaking process to enact the rules for crowdfunding. The group will create principles to:

- Establish strong protections for investors in the form of an Investor's Bill of Rights, including tests to assess investors' understanding of risk, criminal background checks on issuers, and adequate disclosures by issuers;
- Ensure confidentiality of investors' personal financial information;
- Ensure that investors do not exceed statutory investment limits, by implementing standardized reporting and communication among platforms;
- Establish standard communication processes for transparent flow of information between the issuer, the investor, the intermediary and the regulatory agency;
- Develop a code of conduct for crowdfunding platforms, with enforcement mechanisms to punish bad actors;

- Create a recognizable brand common to trustworthy intermediaries (akin to VeriSign or BBB).

After 15 months of hard work, all members of this leadership group are very excited that crowdfunding will soon be active in the United States. We deeply appreciate your leadership on this issue and we thank the House and Senate for engaging with us in crafting this legislation. Now is the time to ensure that all the good intentions of this legislation can be written into regulation that protects investors and enables a strong crowdfunding market to form. The availability of crowdfunding as a capital formation option for entrepreneurs and small businesses is a huge opportunity for our economy to create innovative new products and services.

Our goal is to convene this leadership group and build a united voice in collaborating with the SEC to write balanced and common sense language to regulate this industry. We must work carefully and without delay to launch equity crowdfunding in the U.S. so we can begin to create new jobs and innovation. We appreciate your leadership now more than ever to ensure we can fulfill the promise of this legislation.

We appreciate your efforts on behalf of entrepreneurs nationwide.

Sincerely,



Sherwood Neiss, Jason W. Best & Zak
Cassady-Dorion, Startup Exemption



Spencer Taylor, Launcht



Carl Esposti, CAPS Crowdfunding
Accreditation Program



Nick Bhargava, Motaavi



Dana Mauriello & Jessica Jackley
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Chance Barnett, Crowdfunder



Ruth Hedges, Funding Roadmap



Alon Hillel-Tuch, RocketHub



Vincent R. Molinari, Gate Impact & Gate
Technologies



David Drake, Soho Loft Capital Creation
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Candace Klein, Somolend



Danae Ringelmann, Indiegogo



Michael Norman, Wefunder