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Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, Northeast  
Washington, District of Columbia 20549

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**Via E-mail: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)**

**Dear Ms. Murphy,**

I'm writing you in response to the U.S. Securities and Exchange Commission's (the "Commission") invitation to submit comments on the implementation of the Jumpstart Our Business Startups Act or the JOBS Act (the "Act"). President Obama signed the act into law on April 05, 2012. I would like to specifically limit my comments to Section 201(a) of Title II of the Act in which Congress states the Commission "shall revise its rules ... to provide that the prohibition against general solicitations or general advertising ... not apply to offers and sales of securities ... provided that all purchasers of the securities are accredited investors." Congress continues by stating to the Commission that any rules "shall require the issuer to take reasonable steps to verify that purchasers of securities are accredited investors, using such methods as determined by the Commission."

I write to you not as an industry insider or someone with decades of networking among accredited investors but as a young entrepreneur, 27 years old, with some experience in the asset management field, a graduate education in finance, countless hours developing and perfecting well-hedged profitable investment strategies, and a dream. I feel the burdens Congress is trying to alleviate impact the small investment fund I am building greatly. I believe Congress intended to enable investors and entrepreneurs like myself to help efficiently provide promising businesses with the capital they need to grow and the means with which to hire Americans.

Section 201(a) impacts both companies directly selling equity interest to accredited investors and asset managers investing on behalf of accredited investors. The need to help small businesses obtain capital is crucial to our economy during this time of high unemployment and with the growing impact of global competitiveness will be important well into the future. America's small businesses and entrepreneurs are the most productive and dynamic job creation force the world has ever seen. These selfless entrepreneurs, who have accounted for almost all net job growth over the last several decades, work tirelessly outside the bounds of eight hour work days and cushy safety nets to create incredible new businesses that account for some 75 million jobs in the United States. These businesses have been hampered for far too long with overly burdensome anti-advertising regulation that puts a nearly

impenetrable wall between most of them and those with capital seeking investment returns. Congress has decided enough is enough as has acted.

The fact that accredited investors will be accessible through mainstream advertising means is not only great news for entrepreneurs, it's also a welcome change for investors. The past system that prevented general advertising has created an unfortunately high barrier to entry in the financing and asset management industries as it requires an extreme upfront capital investment to adequately reach an accredited audience. The requirements not only divert capital away from productive activities, they also help promote an environment of cronyism and insider privilege. There is no better example of an impenetrable "old boys' club" than the network of middle-men that stand between investors and entrepreneurs.

General advertising is the most readily accessible and the single cheapest form of advertising available to the majority of small businesses. It is equally available to everyone and provides a means with which to promote the idea of one's products or services. Further, with the advent of search advertising and niche websites, reaching a target audience (in this case accredited or likely-accredited investors) is especially accessible and affordable. Moreover, it is frankly devastating to any party intent on preventing new competition in a market by way of preventing access to clients. The ability to advertise to the general public will finally make possible job creation that otherwise would not exist because of nothing more than an artificially-created lack of communication.

The Commission must take as its standard to any rules related to general advertising and solicitation the impact those rules would have on a small asset management firm or a small enterprise wanting to raise capital. Congress clearly intended the Act to enable small businesses to raise capital without unnecessary burden. Small businesses are most often started with personal capital or debt whereby the entrepreneurs bootstrap an operation until it is ready to gather outside funds. Due to this reason alone, the Commission should seriously consider these businesses and their needs in addition to those with larger capital requirements.

The Commission should develop a defined monetary standard to which any regulatory burdens will be limited. Perhaps a good amount would be 50% of the average American's total, available revolving credit (the most common form of startup capital in America) or a total sum such as \$5000. If any rule causes the grand total of a small business's costs in raising accredited funds in any way to exceed this very accessible benchmark, including typical attorney's fees, regulatory fees, and any other non-operating burden, that rule should be rejected. Unless the Commission takes into account the exact costs of its regulations, it can very easily subvert the intent of Congress and prevent the benefits the Act should provide.

In addition to ending the general advertising ban, the Commission must also determine the reasonable steps a small business must take to verify all investors are accredited. In determining these standards the Commission should apply a similar test to the aforementioned maximum monetary burden limit in order to judge its impact on small businesses. To this end I would like to echo and expand on a previously mentioned idea.

There have been several commenters before me who suggested third party verification at the expense of the investor. Providing financial information is the responsibility of an investor and verifying that information is the responsibility of a small business. It would be highly inefficient, burdensome, and wasteful for each small business or asset manager to individually verify each accredited investor in an environment where such investors will more likely than not provide the same documents for verification often. I believe strongly the general idea suggested by Annemarie Tierney of SecondMarket Holdings, Inc. in a previous submission on this topic would best ensure the intent of Congress to lessen the burdens of raising capital for small businesses. If the commission either itself or through a designated third party or parties creates the role of an "accredited verification provider" or "AVP" which could in advance determine an investor's status and then could provide that status for verification by small businesses, the potential for unnecessary burden would be nearly eliminated. The verification process should be funded entirely by the investor and the status should be valid for a designated period of time such as one year. In addition, the AVP should create an online verification system whereby an investor is issued a PIN which is given to a small business with an investment application. The small business can then enter into the AVP's system the PIN for verification. In this way both small businesses and investors would benefit from minimizing the resources dedicated to verification while maximizing the ability of investors to easily fund businesses.

The Commission would be wise to set rules that prevent an AVP from charging businesses any fee for use of their system or for limiting access to their system in any way that causes any party to be unable to verify an investor's status as easily as any other party. These two rules will ensure fair access to capital and fair opportunities for investors.

Finally, I'd like to provide a comment on the definition of an accredited investor and my views on how the Commission should view such investors when reviewing the standard in the future. Setting an arbitrary income or net worth amount does not guarantee an investor is qualified to judge an opportunity and can conversely prevent well-informed investors from accessing great opportunities. Regardless, the current basic method does a better job than any other of which I know. For that reason I support the standard but also encourage the periodic evaluation of what it means to be an accredited investor. I further believe there should always be room for allowing investors of all means access to good investments to an extent deemed safe by the Congress and Commission working together. For this reason I would like to suggest in the future the Commission consider adopting or encourage Congress to adopt the 5% and 10% model Congress implemented for maximum investments in crowd funded ventures for unaccredited investors. Allowing small investors access to some otherwise inaccessible opportunities could provide just enough capital for a small business to get started in some circumstances. Allowing for any investor to invest 5% or 10% of their net worth or income will allow entrepreneurs who are from communities that don't have high average incomes or net worth to raise the capital they need. These standards should be incorporated into the definition of an accredited investor and should be available in circumstances outside crowd funding.

In conclusions I'd like end by suggesting that as the Commission considers rules for financing small businesses, each member put her- or himself in the shoes of small business owners and small asset managers working on behalf of accredited investors in determining whether or not to adopt any single

rule. Since the entirety of Section 201(a) is related to accredited investors, the Commission should trust that these investors are capable of evaluating an investment and are aware of the risks and rewards involved. The Commission should consider primarily the ability of small businesses to raise money (including those at the low end of the startup capitalization scale) in making any rules and to strictly eliminate any proposed regulation that would be burdensome to small business.

The short and long term fates of the United States economy depends in large part on the Commission successfully creating an investment friendly and small business friendly environment. I wish you the best of luck and am confident in your ability to implement the intent of Congress.

Thank you for considering my comments. Please feel free to contact me with questions or comments at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Dworzanski', written in a cursive style.

Tom Dworzanski