

August 14, 2012

Elizabeth M. Murphy  
Secretary Securities and Exchange Commission  
100 F Street NE Washington, DC 20549-1090  
*Electronically filed*

Re: Comments on the SEC Rule making process under Title II of the JOBS Act

In passing Title II of the JOBS Act, the President and lawmakers recognized the need for fundraising that avoids the significant costs of proceeding with a public offering or hiring a broker-dealer who has pre-existing relationships with accredited investors. It is my hope that the Commission at the upcoming meeting will put in place rules that provide investor protection without creating difficult hurdles for legitimate issuers to raise capital.

First, the suggestion that the SEC must raise the net-worth level for accredited investors because it has not changed since 1982 is a false premise. Last December the Commission wisely adopted the rule that excluded an individual's primary residence from inclusion in the \$1 million dollar threshold for the present definition of accredited investor based upon net worth. This properly disqualified individuals with a highly appreciated primary residence and more modest investment holdings from being sold private investments. This ensures that accredited investors, based on net worth qualifications, own \$1 million dollars or more of investment assets. Such individuals have the resources, if they so chose, to select qualified professionals to assist them in making appropriate investment decisions.

I believe it inappropriate to spend limited government resources to restrict investment opportunities for millionaires. However, if the Agency believes that inappropriate risk is present in unregistered offerings as a whole, rather than eliminating an entire area of investments for an arguably financially suitable group by raising the net worth standard, I believe it would be proper to target the primary concern of avoiding financially unbearable losses. This could be accomplished by establishing rules that prohibit an issuer or their agents from selling private investments to an accredited investor if the issuer knows that the investor does not have, or will not maintain as a result of the sale, at least \$500,000 of non-private investment assets.

Given these rules are set up for the protection of the investor, it would be appropriate to continue the practice of having the purchaser sign a statement verifying that he or she is an accredited investor, and further certify that he or she owns and will maintain upon subscription of the private security at least \$500,000 of non-private investment assets. This certification could be made under penalties of perjury and be required to be retained by the issuer for one year after liquidation of the security. I take issue with the suggestion by other commentators that investors

should submit documentation to the issuer to prove net worth. Such a rule would turn many investors away from all private investment, which is contrary to the purpose of the law.

Finally, the idea that only tombstone marketing or various other restrictions on the form and scope of marketing, in my view, would conflict with the law as written. In substance the law says that the Commission shall revise its rules to remove the prohibition on general solicitation or general advertising for sales pursuant to 506, provided all purchasers are accredited investors. The law does not ask the Commission to remove the prohibition on general solicitation and replace it with a set of restricted solicitation rules.

I thank you for the opportunity to submit this comment.

Sincerely,

UGLEM LAW, PC



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Shannon P Uglem