



USA Real Estate Fund 1, Inc.

August 27, 2012

Mr. Luis A. Aguilar  
Commissioner  
Securities and Exchange Commission  
100 F Street N.E.  
Washington, D.C. 20549

RE: August 29<sup>th</sup> meeting (H.R. 3606)  
Removal of Sec (5) Public advertising  
From the 1933 Act

VIA: E-Mail: [REDACTED]

Dear Commissioner Aguilar:

As reported in the Wall Street Journal on August 23, 2012 Chairmen Schapiro of the SEC called off the August 22<sup>nd</sup> vote on rules to rein in the money market fund industry, “after losing a swing vote needed to push them through.” Sir, thank you for changing your mind.

As has been said in the past and quoted by you: Aguilar’s outspoken style is in contrast to some of his colleagues on the SEC. In a speech this year on corporate political expenditures, he offered a pointed description of the pressures brought to bear on the SEC while it is drafting rules: “Unfortunately, the voices of investors are often drowned out by the louder, better-funded, and often better-connected voices” of companies, financial institutions and their lawyers.” Aguilar said.

In an interview earlier this year, Aguilar said: “My primary responsibility is to investors and the American public.”

“And if I need to criticize the agency or some policy of the agency or some action or inaction of the agency in order to benefit investors or the American public, I won’t be reluctant to do so.” Aguilar said.



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The SEC will take up the issue of final approval or the change of the H.R. 2940 section of the JOBS Act on August 29th. It is my concern that the focus on the large investment funds and companies will take over the intent of H.R. 3606 and the little guy. I understand and agree with both Chairman Schapiro and Senator Dick Durbin that American investors should be protected; now I understand we have an ally in you. As Ms. Schapiro was against the removal from the start, I would think that the SEC NEW RULES will make it almost impossible for the H.R. 2940 intentions of Mr. Kevin McCarthy to be utilized.

The information outlined here in this document will provide a very strong set of qualification guidelines for Public advertising. It is far greater protection than anything proposed to date. It would leave Section (5) of the 33 ACT intact for all the large financial institutional issuers while using our ideas as the protection for the small investor and small company needing capital, provided by an exemption section to Section (5) of the code. This gives far greater protection to Investors than what we have had or the removal of what we have. Please remember that under the current Section (5) rules we have seen some of the most devastating investor frauds in History. These abuses have been perpetrated by individuals as well as some of our largest financial institutions and must be slowed as no legislation will avoid a criminal from being what they are and doing what they will do. The protections I have outlined here will at least make a positive difference in the protection of American Investors.

Please know that what we are proposing is far stronger protection and protection that is with a third party and in place before any of the investors monies are invested in anything or even available to the issuer for use of any kind.

As it was said by Congressman Issa on June 15, 2012:

*"It has been said before and it remains true: Small businesses are the backbone of our economy. Yet the Obama administration continues to bury American job creators with more and more red tape, and businesses are struggling to keep up.*

*We cannot continue to suffocate our nation's business owners and entrepreneurs with excessive and poorly constructed rules. It is time for businesses to grow, hire and contribute to a healthy economy.*



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Increasing the federal regulatory agenda is the last thing job creators and business owners need.

According to the National Federation of Independent Business, “regulations and red tape” is the “single most important problem” for small businesses. To narrow down what needs to be fixed, we launched the American Job Creators platform last year to hear directly from job creators.”

These qualifications for exemption to public advertising currently restricted should be the qualifications outlined in our Protected Investor Capital Securities proposal. We feel this exemption will leave all of the current regulation in place while allowing companies looking to raise capital from the public the ability to do so under H.R. 3606 but adding a new level of protection for the consumer. These qualifications will add the protections wanted by the SEC and referenced as a concern by the Honorable Senator Richard Durbin.

We also feel that this can be a quick and easy implementation process to get H.R. 3606 open to the capital markets and American business in general.

I would very much like the opportunity to explain all of this to you and then ask your help in getting the commission to complete the approval of these requested amendments to Sec (5) of the 1933 Securities Act.

On March 19<sup>th</sup> I delivered the following data to Chairman Schapiro in her D.C. office, I also delivered the same information to Senator Cantwell, Senator Murray, Senator Reid, all 22 members of the Senate Banking Commission along with Senators Durbin, Senator McConnell and several house members such as Republican Majority Leader Eric Cantor, House Republican Whip Kevin McCarthy (sponsor of H.R. 2940) and Speaker Boehner. Much to my surprise, as a self employed member of the business finance community, my attempts to provide America with a solution to rebuilding the economy has fallen for the most part on deaf ears. The only people to respond were Senator Durbin, Senator Murray and Congressman Schweikert, the sponsor of H.R.1070. Senator Reid has now blocked our access to his office rather than try to solve a problem.



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Please review the letter below and contact me so you can lead the way to rebuilding the American Economy and “Put Us Back to Work.”

**The protections outlined here do not need to be new legislation creating delays in getting H.R. 3606 fully into effect; they can be added to Section (5) of the 33 Act as qualifications for exempt status to the advertising prohibitions of that section. This eliminates the need to remove any of the current regulations and adds a secured exemption to protect investors.**

Sincerely,

Daniel F. Peterson, President  
USA Real Estate Fund 1, Inc.



USA Real Estate Fund 1, Inc.

March 19, 2012

The Honorable Senator  
Maria E. Cantwell  
311 Hart Senate Office Building  
Washington, DC 20510

RE: "PICS" (Protected Investor Capital Securities)

Dear Senator Cantwell:

I can really use your assistance to help America rebuild. The American Business Community is eagerly awaiting members of the Senate to pass Senate Bill S. 1933. This very significant legislation is a consequential start to the rebuilding of the securities industry in this country, focusing on getting money into the hands of small businesses. Our company agrees with your members that believe investor protection should be the number one concern of any change to "MAKE THINGS SIMPILAR".

Every elected official should be concerned about our investors and our business community. We should also be highly motivated to join together the single largest investment pool in the world, (the American working public); with the greatest workforce in the world the American worker (business people).

Your efforts here will provide precisely what the American Economy needs, "Pro-Growth Policies that Create American Jobs." That being said, these additions to your legislation would contribute significantly towards these goals. All the while, making multiple billions of dollars available to small businesses and in the process, assure the safe return of American investors' investment dollars. After all, what American investors are most concerned about today is, "Will I lose my investment, 401K or retirement?"

We have enclosed a proposed legislative change to S 1933 as part of the "Plan for America's Job Creation."

When enacted under Regulation D Section 506 of the 1933 Security Act, it will create a new class of securities; known as (PICS) the title shall read: "Protected Investor Capital Securities."



## USA Real Estate Fund 1, Inc.

The primary component of a PICS security is protection of the investor's money, assuring the return of their initial investment, while enjoying the success of the company and or fund. This can be achieved by the provisions of a PICS security outlined below:

1. The issuer will properly set in place financial contracts for the return of investor capital. This was done for many years by Wall Street Firms such as Dean Witter, Merrill Lynch, Smith Barney, Goldman Sachs and more. The practice of sinking funds to protect investors left when Wall Street decided they were infallible, we now know that not to be true. The return to these types of protections for American Investors is much needed; and
2. An escrow/trust/custodial account with an Independent Firm, in which the issuer holds no ownership interest or management control; and
3. The Independent Firm must qualify under the definition 12 "Dealer" in the 1933 Act, the term "dealer" means any person who engages either for all or part of his time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person.; and
4. With respect to such PICS securities, it will not be necessary in the public interest or for the protection of investors by reason of the secured state of investor capital to, either limit the aggregate amount of the offering (\$5,000,000); make it unlimited under section 3(b); or restrict the character of the public offering; (Allow Open Public Advertising) under section 5.
5. The issuer of the Security must provide the Securities and Exchange Commission with an offering circular/prospectus for the investment. Such offering circular/prospectus must also be a notice filing only with the commission.
6. Finally to qualify as a (PICS) security all monies invested by American investors individually or an institution investor **MUST** be invested or lent to companies that generate jobs for Americans and American companies.

The founders and Board Members of USA Real Estate Fund 1, Inc. are extremely serious about small business and the rebuilding our great economy. American Investors must assist in the rebuilding of both the American Real Estate Markets as well as American Technology and Manufacturing. The PICS security format can give American Investors, both individual and institutional



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the confidence to invest. This type of investment security has already been blessed and accepted by a major Wall Street Securities Firm. As previously stated most if not all of the major banks and investment /securities houses used this method to protect investors from the 1970's to the early 2000's.

We share your goals in that our mission statement parallels that of the House of Representatives "Plan for America's Job Creators." That bill as you know passed with a 95% approval rate, meaning that both parties see the need for this legislation NOW. We share the concerns of Senator Richard Durbin as well as Chairman Mary Schapiro of the SEC about protection for the investor. We believe it to be the ultimate necessity if we are going to ease regulation which must be done.

First and foremost, we must secure investors' capital. All monies placed into funds by Americans should only be invested or lent in the United States to create jobs for people that live here and call America home. Therefore, investment markets are for American investment opportunities to create jobs and make a difference in rebuilding the American economy.

With the passage of this proposed PICS legislation, many hundreds of businesses and investment funds can commence the huge task of creating new commerce and making investments and loans to every conceivable type of business. Yes as stated above, all the while securing the investors' capital. The amount of capital that can be raised will be well into the Billions. Again marrying the single largest investor pool, the American Public with American

Businesses should bring about massive and positive change to the American Economy. We believe your objectives will be enhanced significantly while your concerns will be reduced to almost nothing by this proposed legislation.

The laudable goals established by you and the House of Representatives are finely seeing the fruits of your untiring determination. We are hopeful one of your next steps will include the proposed PICS legislation, placing the American Investor's security first. Just as a side note, all of this can be

accomplished without any cost to the American tax payer or reduction in the Needed Social Benefits our citizens enjoy.



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Again, thank you for the opportunity to present this to you. Please review the enclosed and share it with your Honorable Esteemed Colleagues. Thank you as well for your consideration of this proposal, please feel free to contact me

Daniel F. Peterson. The contact information is below. I will be in Washington on Monday the 19<sup>th</sup> delivering these packages to some thirty Senators in hopes of getting this change made. I would love to spend 20 minutes with any of you or someone from your staff while I am here. I will stay over if necessary this is important to our country.

Sincerely,

Daniel F. Peterson, President  
USA Real Estate Fund 1, Inc.  
Cellular Phone (425) 256-0503