Dear Finra,

I am emailing you over great concerns regarding the initial cost for issuers seeking capital through equity crowdfunding III.

Some are saying that the initial cost can reach thousands to seek capital through equity crowdfunding III. This concerns me greatly because a “small percentage” of offerings get funded. This means that issuers seeking capital from equity crowdfunding III are risking money with the hope they will succeed in raising capital. What would in my opinion become a headache for Finra. This, I believe, will deter many from seeking financing through equity crowdfunding III derailing what the law was intended, to create jobs.

Many offerings based on rewards, such as those offerings made through Kickstarter, are not funded. But the “issuer” doesn’t risk upfront capital. They pay a fee when they get funded. If people have to pay thousands to raise money through Kickstarter, Kickstarter would not exist.

If I want to start a restaurant and seek $1m capital from equity crowdfunding III, if I raise only 10% of my intended goal, I just lost $1000s, well maybe that’s a good thing, because no one with business savvy would do such a thing.

This is different from an S1 prospectus filing where the issuer has a list of investors prior to paying the cost for an S1. But with equity crowdfunding it’s truly a gamble, issuers do not know how many “investors” the fundfunding portal truly has, and the number of investors that truly are interested in a restaurant offering’s. This means that the issuer is not only risking money but also hoping that the funding portal has sufficient investors that are interested in the offering made. Too many unknown unknowns.

When I heard about this all I could think about was healthcare.gov

If you are not the person(s) that I should contact please forward my email to the right person(s) or provide me with an email.

Thank you,
Charles Polanco

http://www.crowdfundinsider.com/2013/11/26291-sec-made-equity-crowdfunding-economically-unfeasible/