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The public confidence in the regulatory bodies and financial institutions has been all but destroyed. This is due to the many and sequential failures since the dot-com crash up to and including the major financial institutions almost destroyed the global economy. If FINRA fails to develop and maintain a crowdfunding market with integrity, it would eliminate any remaining confidence the public has in our system.

Consumers should only have access to crowdfunding transactions thru a FINRA regulatory entity that discloses the associated risks. By definition, these securities are, at a minimum, very speculative.

Crowdfunding must start and maintain a level playing field, unlike the current environment between Broker/Dealers and RIAs. The regulatory bodies should institute a Crowdfunding Board, with approximately fifteen providers, to develop definitive standards that are uniform for all providers. This board must work on behalf of FINRA.

Crowdfunding regulation must be simple, effective, inexpensive to comply with, benefit the investors and the issuers, while providing the potential for profit to the providers of crowdfunding. Liability for providers must be clearly defined due to the speculative nature of the investments. It should not eliminate responsibility for negligence by providers, but have simple, definitive standards that can be understood and implemented.

Companies should not be permitted to self-fund through crowdfunding. Self-funding would allow for extensive fraud in ways that would be virtually impossible to hold parties accountable. There should be complete disclosure of current and future compensation paid to appropriate employees in any company that takes advantage of crowdfunding.

It is imperative that the regulatory bodies do not design a system that transfers money from the ignorant to the manipulative without recourse. In this process, we must never forget that we have an obligation to provide a fair environment for the investors.

Thank you.

Respectfully,

James J. Titak, President
Thurston, Springer, Miller Herd & Titak

Jim Titak

President, CFP

Thurston, Springer, Miller, Herd & Titak, Inc.

9000 Keystone Crossing, Suite 740

Indianapolis, Indiana 46240

TEL: 317-581-4006

FAX: 317-581-4014

jimtitak@thurstonspringer.com

<http://www.thurstonspringer.com>