

To:

FINRA
1735 K Street
Washington, D.C. 20006

RE: Comments for Funding Portal rules 13-34

February 2nd. 2014

The following are our comments to the proposed rules:

Considering the very limited activities of an equity funding portal, the proposed FINRA rules as publisher for comments in 13-34 are burdensome and should be simplified to reflect the funding portal's hardship to complying with some of the requirements, including the application form FP-NMA.

Furthermore, we feel the following items should be clarified or eliminated:

- 1, Proposed rule 300 (b) requires each funding portal to implement a written portal Anti-Money Laundering (AML) program.
Since funding portals are not allowed to handle or hold investors' funds, that function should be left to PayPal, or the Escrow company receiving the funds. An investor might have a U.S. address but the funds could come from Nigeria. A portal has no way to know it ! Beside it, escrow companies already been doing this as part of their service. That would be a costly duplication.
- 2, Evidence of the \$100,000 Fidelity Bond should not be required til the funding portal's application is approved. That would save 60 days worth of premium and much more in case the application is not immediately approved.
- 3, Compensating employees for securities solicitation should be better defined to eliminate gray areas. HR3606 Act only referring to soliciting investors. The Act has no reference to soliciting issuers !
- 4, An "Associated Person" should be also more narrowly defined. (on page 3 of 50 defined as) :
..... .. *controlled by a funding portal member or any employee of a funding portal member.*
Does this includes employees whose jobs are exclusively:
 - a, to inspect the issuers facilities, guiding them through the funding process and provide them with business or technical/product related advice (like V.C.-s are doing with firms they have invested in) other than providing legal or investment related advice ?
 - b, persons dealing with investor's support over the phone or internet, helping with website navigation, registration questions or credit card payment refund issues, without providing investment or legal advice ?
- 5, Funding portals would welcome a templete for *Supervisory Plan* as FINRA would prefer them. Otherwise it would take a complete Law Office to produce one, and still would be a

“hit-and-run” proposition.

6, V(b) of form FP-NMA asking for evidence of Contract.

The agreement between PayPal, Escrow companies and Transfer Agents we referring the issuers are mostly verbal in nature, and instructions are via eMail memos. The HE3606 Act also allows issuers to issue their own Stock Certificates.

7, Does a Pre-Dispute Arbitration Agreement mandatory or just an optional item ?

Respectfully submitted by,

T.W. Kennedy, B.E.

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