## SEC PROPOSES REGULATIONS IMPLEMENTING "REGULATION CROWDFUNDING" UNDER SECTION 4(a)(6) OF THE SECURITIES ACT

On October 23, 2013, the Securities and Exchange Commission voted unanimously to propose "Regulation Crowdfunding" for public comment. Regulation CF is the set of rules and forms that will implement securities crowdfunding in the United States. The SEC is required to adopt these rules under the provisions of Title III of the JOBS Act of 2012. A comment period has begun and will run until 90 days after the proposed rules are published in the Federal Register. Securities crowdfunding will not be legal until the SEC has considered comments received from the public and adopted final rules.

The SEC's approach to this rulemaking has been fairly conservative. The SEC is constrained by the JOBS Act; it cannot change any of the statutory provisions. The SEC has filled in some of the details around disclosure by companies seeking crowdfunding ("issuers") and the operations of the new "funding portals," and there will be few surprises for people who are familiar with the heavily-regulated financial services industry. In general, as expected, the regulatory model that would apply to funding portals is "Merrill Minus" rather than "Kickstarter Plus."

At the same time as the SEC issued its proposals, FINRA, which is the self-regulatory organization for broker-dealers and which will also oversee the new "funding portals," published its proposed rules for funding portals.

**Section 4(a)(6) of the Securities Act, the "crowdfunding exemption"**

Offers of securities to the public (which includes offers made over the internet) must be registered with the SEC under the Securities Act of 1933, unless an exemption from registration is available. The JOBS Act added a new exemption to the Securities Act, Section 4(a)(6), to permit securities crowdfunding to be made without registration. The exemption is subject to the following statutory conditions:

- The aggregate amount sold to "all investors," including any amount sold in reliance on the new exemption, may not exceed $1 million in any 12-month period. The language of the statute suggests that offerings made under other exemptions (Regulation D, for example) might count towards the $1 million limit, but the SEC's view is that since Congress intended crowdfunding to be an additional source of funds for small companies, the limit applies solely to sales under Section 4(a)(6), and that amounts sold under other exemptions will not affect the limit. As discussed below, the SEC proposes allowing crowdfunding offerings to be made concurrently with other exempt offerings, effectively permitting unlimited sizes of offerings to be made without registration.

- An investor is limited in the amount he or she may invest in crowdfunding securities in any 12-month period:
    - If either the annual income or the net worth of the investor is less than $100,000, the investor is limited to the greater of $2,000 or 5% of his or her annual income or net worth.
    - If the annual income or net worth of the investor is $100,000 or more, the investor is limited to 10% of his or her annual income or net worth, to a maximum of $100,000.

  Regulation CF would treat investors who fall within both of these definitions as being able to take advantage of the higher investment limit. For calculating an investor's net worth, the SEC would use the same method as used in Regulation D, which excludes the value of the investor's primary residence. Investors may include their spouse's income for the purposes of the income test.

- The transaction must be made through a broker, or through a "funding portal" (a new designation under the Securities Exchange Act of 1934) which meets the requirements set out below.

- The issuer must comply with the disclosure and other requirements set out below.

Note that compliance with each of these requirements is a <u>condition</u> to availability of the exemption from registration. If these conditions are not met and the relief for "insignificant deviations" discussed below is not available, then the issuer will have violated the Securities Act by making an unregistered offering of securities to the public.

The requirements relating to exempt offerings under Section 4(a)(6) are set out in Section 4A of the Securities Act, also added by the JOBS Act. Regulation CF will implement these requirements.

**Requirements for issuers**

***Incorporation and eligibility***

The issuer must be incorporated or organized under the laws of a US state or territory. It may not be an "investment company" under the Investment Company Act of 1940, and cannot be an SEC-reporting company. "Blank check" companies formed for unspecified purposes or to acquire other companies cannot make offerings under Regulation CF.

Many commentators have urged that some form of pooled investment vehicle be used as a vehicle to invest in a crowdfunding offering to avoid the "messy cap table" problem identified by some angel and venture capital investors who do not want to have to deal with numerous small investors in a company.

However, any such pooled vehicle would be an investment company under the Investment Company Act, and prohibited from making a Section 4(a)(6) offering by statute. There is nothing the SEC can do to change this.

***Disclosure***

The SEC has taken a flexible approach to disclosure and filing under Regulation CF, and reflected the reality of how information is presented to investors in the online world. In the traditional world of the registered public offering, the "monopoly of the prospectus" model still largely holds. In other words, all the information that the SEC thinks an investor needs to know in order to make an informed investment decision is gathered into one text document, the prospectus, and must be provided to all investors. For the last decade, some additional information has been permitted to be made public outside the constraints of the prospectus, but this option is not extensively used. Online offerings, currently normally made in reliance on the exemption from registration provided by Regulation D, use a variety of offering materials, including offering memoranda, slide decks, videos and other materials. In the case of crowdfunding, the information that will assist investors to make a decision will include commentary from other members of the investing crowd. All these are "offering materials" and the issuer (and the intermediary) is liable for any misstatements made in them, but not all of these materials need to be filed with the SEC.

Under proposed Regulation CF, there would, in essence, be two types of disclosure made in securities crowdfunding:

- Information that is required by statute and by regulation, and which must be filed with the SEC. We are calling this "Mandated Disclosure."
- Information used to promote the offering, including the Mandated Disclosure and all the other materials promoting the offering. The SEC does not limit the content or form of this material in any way, although of course the issuer and intermediaries are liable for any misstatements or omissions with respect to it. We are calling this "Offering Material." The Mandated Disclosure is a subset of the Offering Material.

The SEC proposes that issuers be required to provide certain information to investors through the intermediaries' platforms and to the SEC directly via a filing of Form C on EDGAR, the SEC's data handling system. While some of the Mandated Disclosure will be included in the itemized fields of Form C, other information would be included as attachments to Form C. The Mandated Disclosure for each issuer includes:

- The name, legal status (i.e., form, state, and date of organization), physical address, and website address.

- The names of the directors and officers, the positions and offices held by those persons, how long they have served in those positions, and the business experience of those persons over the past three years;
- The name of each person who is a beneficial owner of 20% or more of the issuer's outstanding voting equity securities.  These are the same shareholders covered by the "Bad Actor" disqualification provisions discussed below.
- A description of the business of the issuer and anticipated plan of business.  The SEC notes that it does not expect issuers to provide "business plans" -- the extensive slide decks or documents that are typically prepared for investors. Rather, the requirement is merely a description of the business and its plan going forward.
- The current number of employees of the issuer.
- A discussion of the material risk factors that make an investment in the issuer speculative.
- The target offering amount, with the deadline to reach the target amount.
- Statement with respect to whether the issuer will accept investment in excess of the target amount and the maximum it will it accept.  If the issuer accepts investments above the stated target, it must state the method it will use to allocate oversubscriptions.
- A description of the purpose and intended use of the offering proceeds. The SEC elaborates that it expects issuers to provide a detailed description of the intended use of proceeds, including what proceeds will be used to compensate the intermediary, pay salaries, repurchase shares, and so on.  The SEC also indicates that issuers should disclose how long they expect the proceeds to last.  Additionally, if an issuer is uncertain how the proceeds will be used, it should identify the probable uses and the factors impacting the selection of each use.  Similarly, if the issuer accepts proceeds above the target amount, it should indicate the purpose and intended use of those excess funds.
- A description of the process to complete the transaction or to cancel an investment commitment as prescribed by the proposed rules.
- The price of the securities or the method for determining the price.  If the issuer has not set a price at start of the campaign, it must provide a final price prior to any sale of securities.
- A description of the ownership and capital structure of the issuer.  This requirement also includes:
    - disclosure of the terms of the securities being offered as well as each other class of security of the issuer,
    - any rights held by principal shareholders,
    - the name and ownership level of any 20% beneficial owner,
    - how the securities being offered are valued and how the securities may be valued in the future,

    - the risks to purchasers of the securities relating to minority ownership and the risks associated with corporate actions like the additional issuance of shares, issuer repurchases, and the sale of the issuer or issuer assets to related parties, and
    - a description of the restrictions on the transfer or the securities.

- The name, SEC file number and Central Registration Depository number of the intermediary conducting the offering.
- The amount of compensation paid to the intermediary for conducting the offering and the amount of any referral or other fees associated with the offering.
- A description of the material terms of any indebtedness of the issuer. Material terms include the amount, interest rate, maturity date, and any other terms a purchaser would deem material.
- A description of any exempt offering conducted within the past three years. The description should include the date of the offering, the offering exemption relied upon, the type of securities offered, the amount of securities sold, and the use of proceeds.
- A description of any completed or proposed transaction involving the issuer or any entity under common control with the issue for value exceeding five percent of the amount raised under Section 4(a)(6) within the past 12 months, including the current offering, when a control person, promoter, or family member had a direct or indirect material interest.
- A description of the financial condition of the issuer.
- The tax returns, reviewed financial statements, or audited financial statements of the issuer, depending on the level of the raise and raises within the previous 12 months.
- A description of any events that would have triggered disqualification under the Bad Actor disqualification had they occurred after the effective date of the final rule.
- Updates on the progress of meeting the target offering amount.

The SEC does not specify the format in which Mandated Disclosure must be presented, leaving flexibility for crowdfunding issuers to present some information in written offering documents, some in videos, and other information by graphic means.

The SEC does not review, comment on or in any way approve the Mandated Disclosure. It would be foolish, however, to assume that the SEC will not read information that is on EDGAR. An investor protection agency cannot be expected to look the other way if it sees information that it finds troubling, and issuers should operate on the assumption that the SEC staff and the state regulatory authorities will be scouring the Mandated Disclosure for potentially misleading statements and also reviewing the Additional Offering Material on the intermediaries' platforms when they suspect problems.

### *Financial statements*

Issuers of securities under Regulation CF would be required to provide financial statements prepared in accordance with US Generally Accepted Accounting Practices (U.S. GAAP) covering the two most recently completed fiscal years (or shorter period since inception). The type of review that these financial statements would have to undergo would depend on the amount sought and the amount of securities that the issuer had already sold in reliance on Regulation CF in the preceding 12 months:

- If current offer plus previous raises amounts to $100,000 or less, the financial statements would be certified by the principal executive officer and accompanied by the company's tax returns.
- If current offer plus previous raises amounts to $100-500,000, the financial statements would be required to be reviewed by a CPA.
- If current offer plus previous raises amounts to $500,000 or more, the financial statements would have to be audited by a CPA.

The financial statements would not be permitted to be more than 18 months old. If more than 120 days had passed since the end of the most recently-ended fiscal year, the issuer would have to produce financial statements for that most recent year, but until that point could use financial statements from the preceding year.

The review standards to be used by the accountant are the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

The SEC does not propose to exempt very early-stage companies from these requirements. Its Proposing Release states: "Financial statements prepared in accordance with U.S. GAAP are generally self-scaling to the size and complexity of the issuer, which reduces the burden of preparing financial statements for many early stage issuers." Thus, even companies at the business plan stage seeking $500,000 would have to produce audited financial statements.

### *Issuer Filing Requirements and Form C*

Proposed Regulation CF places the burden for providing the required disclosures to the SEC and investors on the issuer. To facilitate this Regulation CF would create a new XML-based fillable form, "Form C", for use in allowing issuers to provide required information. There are several variants of Form C:

- **Form C**: used for the original offering statement to provides the required disclosures.
- **Form C-A**: used for amendments to a previously filed Form C.
- **Form C-U**: used by issuers to provide the required progress updates.
- **Form C-AR**: used by issuers to provide the required annual reports.

- **Form C-TR**: used by issuers who are terminating their reporting.

Form C would be used for the provision of some of the Mandated Disclosure, with other required disclosures being submitted as an attachment to Form C. As discussed above, so long as all the Mandated Disclosure is filed and presented to investors, the media used to present that disclosure are not specified by the SEC. When information is presented in the form of video, the text of the video script must be filed; the EDGAR system does not handle video files.

Regulation CF would require issuers to file Form C with the SEC via its electronic EDGAR data-handling system, as well as providing the Form C to the intermediary, investors, and potential investors; however, it allows issuers to satisfy this requirement by providing the intermediary with a copy of the disclosures provided to the SEC and direct investors and potential investors to the intermediary via email or the issuer's website. To file a Form C the issuer must have EDGAR filing codes and a Central Index Key (CIK) code. If an issuer does not already have these codes it can obtain them from the SEC. The issuer may also work with an intermediary to prepare the disclosures and have the intermediary submit the Form C.

***Ongoing disclosure requirements***

Issuers that have sold securities in reliance on Section 4(a)(6) must file information with the SEC and post it on their websites on an annual basis. The annual filing must be made within 120 days of the issuer's fiscal year-end. The information included in the annual report is similar to that required in the initial filing.

Annual filing requirements would continue until the issuer became a fully-reporting registrant with the SEC, the issuer or another party purchases or repurchases all the securities sold in reliance on Section 4(a)(6) or the issuer ceases to do business. For a company that ends up with a large number of crowdfunding investors, this is essentially a permanent ongoing disclosure requirement.

***Advertising and publicity***

Pursuant to Section 4A(b)(2) of the Securities Act, an issuer may "not advertise the terms of the of the offering, except for notices which direct investors to the funding portal or broker."

Under the proposed rules, an issuer may publish a limited notice that advertises the terms of an offering so long as the notice includes the address of the intermediary's platform. While acknowledging that the statute restricts the ability of potential issuers to advertise, the SEC explained that restrictions on advertising the terms of the offering are meant to direct the investors to the intermediary's platform. Once at the intermediary platform, the investors will have access to the information that will allow them to make an informed decision about the offering.

Under the proposed rules, a notice advertising the terms of an offering may contain no more than the following:

- A statement that the issuer is conducting an offering, the name of the intermediary conducting the offering and a link to the intermediary's platform;
- The terms of the offering (the amount of the securities being offered; the nature of the securities; the price of the securities; and the closing date of the offering period); and
- Factual information about the legal identity and the business location of the issuer. This information is limited to the name of the issuer of the security, the address, phone number and the website of the issuer, an email address for a representative of the issuer, and a brief description of the issuer's business.

These notices would be similar in appearance to "tombstone" ads for other securities offerings; however these notices must direct potential investors to the intermediary's platform. The proposed rules would not place restrictions on how the issuer distributes these notices. An issuer could place these notices on various social media sites to attract potential investors and the notice would direct them to the intermediary page where they could access the information necessary to make an informed investment decision.

<u>No other public communications about the offering are permitted.</u> Posts on Facebook, tweets on Twitter, LinkedIn updates and the like that do not follow these limitations would all likely result in the issuer's violation of Section 5 of the Securities Act.

Under the proposed rules, an issuer would be allowed to communicate with investors and potential investors about the terms of the offering through communication channels provided by the intermediary through its platform, so long as the issuer identifies itself as the issuer in all communications.

An issuer would not be prohibited from discussing other information that does not relate to the terms of the offering, such as a product launch.

**Requirements for intermediaries**

The following requirements apply to both broker-dealers and funding platforms; funding platforms would be subject to some limitations on their activities discussed in "Special limitations on funding portals" below.

***Registration of platforms***

A person acting as an intermediary in a transaction involving the sales of securities for someone else pursuant to Section 4(a)(6) must:

- Register with the Commission as a broker or as a funding portal. The SEC has proposed a streamlined registration process for funding portals. Non-U.S. funding portals would only be allowed to register with the SEC if they met specified conditions permitting SEC and FINRA oversight and were based in jurisdictions that have information-sharing agreements with the SEC. Funding portals would be required to obtain a $100,000 fidelity bond.
- Register with a self-regulatory organization, or SRO (the only eligible SRO at present being FINRA).

***Opening of investor accounts with an intermediary***

An investor who wishes to participate in a Section 4(a)(6) offering would have to open an account with the listing intermediary. Although the SEC does not specify the exact information that the intermediary must obtain from an investor, it is expected that "opening an account" will include at least the provision of basic identifying information such as the investor's full name, e-mail address, and physical mailing address. Also, as part of the process, the investor would consent to the electronic delivery of materials. "Electronic delivery" includes email, but may also include other methods, such as posting the material on the intermediary's platform. That is, an intermediary could comply with its obligation to provide materials to investors simply by posting the materials on the platform and would not be required to send any messages directly to investors.

***Promoters and compensation***

At the time that an investor opens an account with an intermediary, the intermediary would inform the investor that anyone who promotes an offering in exchange for compensation must, in each communication, disclose that s/he is engaging in promotional activities on behalf of the issuer, that s/he is receiving compensation for such activities, and the amount of that compensation.

In addition, the intermediary would disclose at the same time the manner in which the intermediary is being compensated for its participation in Section 4(a)(6) offerings.

***Provision of educational materials***

Intermediaries are required by statute to provide disclosures and investor educational materials. The proposed rules would require the intermediary to deliver to investors, at the time they open accounts with the intermediary, educational materials that are in plain language and otherwise designed to communicate effectively specified information. These materials would include:

- The process for investing on the intermediary's platform.
- The risks associated with crowdfunding securities.

- The types of securities that may be offered on the intermediary's platform and the risks associated with each, including dilution (note that the intermediary may be deemed not to have met this criterion if an issuer sells a securities product not previously explained in its education materials).
- Restrictions on resale.
- The type of information that an issuer is required to deliver annually, and that such information may cease to be provided in the future.
- Investor limit amounts.
- The circumstances in which an investor may cancel an investment commitment.
- Limitations on the investor's right to cancel an investment commitment.
- The need for an investor to consider whether crowdfunding securities are appropriate for him or her.
- That at the end of the offering, there might not be any ongoing relationship between the issuer and the intermediary.

***Acknowledgement of risk***

The JOBS Act requires that intermediaries provide educational materials to investors <u>and</u> receive positive affirmation that the investor has reviewed and understood the materials. The SEC declined to provide a template or model questionnaire to be used for this purpose. Instead, the proposed rules permit the intermediary to create a process – whether a multiple choice quiz, yes/no or true/false questions, or other format – that is suited to its particular business model and types of offerings as long as that process is reasonably designed to demonstrate receipt and understanding of the information.

Whatever format the process may take, the intermediary would be required to receive affirmation from the investor each time an investment is made that s/he has reviewed the educational materials and understands that the entire amount of investment may be lost and s/he is in a financial position to absorb that loss. Therefore, an investor who makes several investments through the same intermediary would be required to provide affirmation of his or her understanding for each of the investments made.

***Obligations with respect to fraud prevention***

The statute requires intermediaries to take risks to reduce the risk of fraud, and the proposed rules require intermediaries to take positive action in several areas:

- Intermediaries must have a "reasonable basis for believing" that the issuer has met the disclosure and process requirements described below. The SEC proposes that intermediaries might be able to meet this requirement by getting a representation to that effect from the issuer, absent any indication that the representation is not true. It is odd that such a significant obligation (as discussed below in "Why intermediaries need to check that the issuer has met the terms of the exemption," the consequences of non-compliance are potentially very damaging to the intermediary) could be complied with by having the issuer click "I agree" to accept terms and conditions that it has never read, which this provision, as written, would permit. The provision is also strangely at odds with the requirement that the intermediary deny access to its platform if it finds it is unable to assess the risk of fraud posed by an issuer or its offering.

- Intermediaries must have a "reasonable basis for belief" that the issuer has established a way to keep accurate records of the holders of securities. Again, the SEC proposes that, absent any indication to the contrary, the intermediary might be able to rely on a representation from the issuer, and again, if the SEC thinks that this is an important aspect of fraud prevention it is strange to permit compliance by clicking.
- The intermediary must deny access to its platform if it has a reasonable basis to believe that any specified person is subject to a "Bad Actor" disqualification. In order to meet this requirement, the intermediary must, at a minimum, conduct background and regulatory checks. These are discussed below in "'Bad Actor' provisions and background checks."
- The intermediary must be able to adequately and effectively assess the risk of fraud from the issuer or its offering. If it cannot do so it must deny access to its platform. This may occur, for example, where an issuer's directors are foreign nationals whose country of origin does not allow for third parties to review criminal or regulatory enforcement background information. If it becomes aware of the potential for fraud after granting access to its platform, it must cancel the offering.

***Process management***

The JOBS Act imposes a number of requirements on intermediaries with respect to management of the process of an offering under Section 4(a)(6). The SEC sets out the methods by which an intermediary can comply with those requirements in proposed Rules 303 and 304.

- **Intermediary must make issuer information available.** During the course of an offering, the intermediary is responsible for ensuring the issuer is in compliance with all of the required filings and disclosures to the SEC and investors. Proposed Rule 303 further provides that this information provided by the issuer must be available on the intermediary's platform in a manner that is publicly available for any visitor to the platform to access, download, and save. An intermediary may not require a person to establish an account with the intermediary in order to access the information. The intermediary is responsible for ensuring the information has been posted and publicly available for at least 21 days before any securities are sold in the offering. During this time, the intermediary may accept investor commitment. While not stated, it is reasonable to assume that if the issuer files an amendment to its offering statement, that material must be available for at least 21 days before any securities are sold regardless of the length of time the previous information has been available.

- **Investor investment limits.** A major concern of securities intermediaries is the responsibility to verify investors have not surpassed their individual investment limits. The SEC recognized the difficulty for intermediaries to monitor or independently verify whether each investor remains within his or her own investment limits for each particular offering in which he or she intends to participate. As such, proposed Rule 303 provides that an intermediary may rely on an investor's representations concerning both the investment limits applicable to the investor and the amount of the investor's investments in crowdfunding securities through other intermediaries.

- **Communication channels for issuers and investors.** The SEC observes that the crux of "crowdfunding" is the ability of potential investors and the issuer to discuss the offering via the internet. To facilitate this, proposed Rule 303(c) would require an intermediary to provide, on its platform, channels through which investors can communicate with one another and with the issuer subject to certain conditions:

    - The intermediary must permit public access to view the discussions made in the communication channels;
    - The intermediary must restrict posting of comments in the communication channels to those persons who have opened an account with the intermediary on its platform; and
    - The intermediary must require that any person posting a comment in the communication channels clearly and prominently disclose with each posting whether he or she is a founder or an employee of an issuer engaging in promotional activities on behalf of the issuer, or is otherwise compensated, whether in the past or prospectively, to promote the issuer's offering.

    The rules pertaining to registered broker-dealers and funding portals differ in regards to communication channels. While a broker-dealer may participate in the communications, a funding portal may not. A funding portal is limited to establishing guidelines for communication and removing abusive or potentially fraudulent communications. The SEC does not provide guidelines for operating a communication channel. Presumably, intermediaries could determine whether their registered users must post under their real names or under aliases. Either choice will affect the quality of communications presented. For example, real names might limit participation, but aliases could encourage inaccurate or abusive posts.

- **Providing notices to prospective purchasers.** Prospective Rule 303(d) sets out requirements for issuers to promptly give a written record to prospective investors who commit to investing in an offering. The intermediary must confirm to the investor the dollar amount of the commitment, the price of the securities, the name of the issuer, and the date up to which the prospective investor may cancel the investment commitment.

- **Transmission or maintenance of funds from investors.** Only after offerings are complete under Section 4(a)(6) may the issuer receive the funds. In the meantime, the intermediary is subject to requirements on the transmission and maintenance of those funds. Registered broker-dealers are required to comply with existing regulations set out in 17 C.F.R. § 240.15c2-4. Under the regulation, funds must be promptly deposited into a separate bank account until the close of the offering when it is promptly transmitted to the issuer. Funding portals, which are prohibited from handling funds or securities, must direct funds to the qualified bank that has agreed to hold the funds in escrow. The SEC is not proposing to limit means of payment by investors, so in theory credit cards could be used. However, federal banking regulations, the complexities of credit card "chargebacks" and the economics of credit card transactions may make the use of credit cards unworkable. See "How investors will pay for securities" below.

- **Confirmation of transactions.** Intermediaries are responsible for sending notice to investors confirming the completion of the transaction. Those notices must disclose pertinent details of the terms of the security, the price paid, and date of transaction.

- **Completion of offerings and cancellations.** Offerings relying on Section 4(a)(6) must establish specific investment targets; only if they are met can the offering can be completed. Offerings must also set deadlines by which the offer must end, whether or not the issuer has reached the target. Should an offer reach its target prior to the deadline, the issuer may close the offering early, provided that the intermediary has provided issuer information for at least 21 days and the new closing date may not occur for at least five business days. Even if the deadline has been moved up, the investor may cancel the commitment up to 48 hours prior to the deadline identified by the issuer. The only exception to that is if there has been a material change to the terms of the offering or issuer information. In such a situation, the intermediary must identify the material change and notify investors who have made commitments that they must reconfirm the commitment within five business days. If an issuer does not reach the target prior to the deadline, the intermediary must cancel the offering and return funds to investors.

- **Protect the privacy of information collected from investors.** The statutory language of the JOBS Act imposes requirements on intermediaries to protect the privacy of information collected from investors. To accomplish this, the SEC proposes requiring funding portals to comply with Regulation S-P, Regulation S-ID, and Regulation S-AM — all three of which are already applicable to broker-dealer intermediaries. Taken together, these regulations obligate intermediaries to have policies and procedures in place to protect nonpublic information about investors, prevent identify theft, and limit the information shared with affiliates.

**Special limitations on funding portals**

Funding portals are limited by statute with respect to the activities they are permitted to undertake. The statutory prohibitions include:

- Paying for finding potential investors;
- Giving investment advice or recommendations;
- Soliciting offers or sales to buy the securities offered on its portal
- Compensating anyone for such solicitation or based on the sale of securities on its portal;
- Holding or managing funds; and
- Permitting their officers, directors or partners to have a financial interest in an issuer using their services.

Recognizing that the statutory prohibitions could be read so broadly as to limit the utility of funding portals, the SEC has proposed a non-exclusive, conditional safe harbor for funding portals that engage in certain limited activities. These activities include:

- Limiting the offerings made on or through a funding portal's platform based on objective eligibility requirements;
- Highlighting and displaying offerings on the platform;
- Advertising the portal's existence;
- Providing communication channels that allow the issue to communicate with investors and potential investors;
- Advising issuers on the structure and content of the offering; and
- Compensating third parties for referring persons to the portal and other services.

***Investment advice and curation by funding portals***

By statute, funding portals are restricted in their ability to give investment advice or recommendations. They may sort or "curate" issuers, and may offer their services only to certain types of issuers, but any selectivity with respect to issuers may be problematic under the statutory prohibition. Portals clearly need to be able to weed out obviously fraudulent or problematic issuers. They have expressed a desire to be able to select issuers on the basis of their perceived quality or likely success. The SEC's proposed safe harbor would permit portals to impose a limited amount of selectivity without being deemed to violate the statutory prohibition.

- **Limiting offerings.** The proposed safe harbor would permit funding portals to limit the scope of their business without being perceived as offering investment advice. For the proposed safe harbor to apply, funding portals must apply objective criteria that are expected to reach a broad selection of issuers and be applied consistently to all potential issuers and offerings. The SEC noted that one appropriate criterion would be the type of securities being offered. Criteria that reflect any assessment of the merits of the offering would not be permitted. The criteria must be clearly displayed on the portal's platform and the funding portal must disclose to investors the criteria used to limit the offerings available on the platform. (A funding portal must deny access to the portal if it believes the issuer or offering has the potential for fraud or raises concerns over investor protections; compliance with this requirement would not lose the benefit of the safe harbor.)

- **Highlighting issuers and offerings.** Under the proposed rules, a funding portal would be permitted to highlight issuers or offerings based on objective criteria that would identify a large selection of issuers. The criteria used cannot implicitly endorse one issuer or offering over others and the criteria must be consistently applied to all issuers and offerings. Some of the objective criteria noted by the SEC are: the type of securities being offered; the geographic location of the issuer; and the number or amount of investment commitments made. A funding portal would be prohibited from receiving special or additional compensation for identifying or highlighting (or offering to highlight) an issuer or offering on the platform.
- **Providing search functions.** Under the proposed rules, a funding portal would be permitted to provide search functions or other tools that allow investors and potential investors to search and categorize the offerings on the platform based on objective criteria. These objective criteria would be similar to those discussed above. The proposed rule will allow the funding portal to categorize its offerings into general subject areas so that a potential investor could find these offerings. In addition, the proposed rule would allow a funding portal to give potential investors the ability create automated email notifications about offerings on the platform.
- **Providing communication channels.** The proposed rules allow a funding portal to provide a communication channel on its platform that will allow investors to communicate with each other and issuer or their representative about the offering on the portal. The funding portal could establish guidelines for communication and remove abusive or potentially abuse comments, but for the safe harbor to apply, the funding portal (including its employees) would not be permitted to take part in other communications. The funding portal will be required to make these communication channels open to the public and only allow potential investors with accounts to post on these channels. The funding portal would need to require any commenter posting in the channels to disclose if he or she is receiving compensation for promoting an issuer. Additionally, the rule would allow the funding portal to create a negotiation space where account holders and the issuer could discuss and possibly negotiate certain aspects of the offering.

### *Advising Issuers*

Under the proposed rules a funding portal would be permitted to advise an issuer about the structure or content of the offering, which includes preparing the offering documentation. The SEC noted that a funding portal could provide pre-drafted templates or forms to the issuers, and provide advice on the types of securities the issuer can offer, the terms of those securities and crowdfunding regulations.

### *Paying for referrals*

Under the proposed rules, a funding portal can compensate a third party for referring potential investors to the portal so long as the third party does not provide the funding portal with any personally identifiable information about any of the potential investors. This might include hyperlinks from third parties' sites. Compensation for such referrals could not be based on the purchase or sale of a security on the portal's platform.

### *Compensation arrangements with registered broker-dealers*

Under the proposed rules, a funding portal could enter into certain agreements with registered broker-dealers where they can pay each other for services. The proposed rules would also permit a funding portal to pay or offer to pay a registered broker-dealer for services in connection with an offering made in reliance on Section 4(a)(6). In addition, the SEC proposes that a funding portal could provide services and be paid from a registered broker-dealer in connection with the funding portal's offer or sale of securities in reliance on Section 4(a)(6). However, the proposed safe harbor would not allow a funding portal to receive compensation for referrals of investors in offerings made other than in reliance on Section 4(a)(6) (for example, Regulation D offerings).

### *Publicity limitations for funding portals*

Funding portals are subject to limitations on publicity that do not apply to broker-dealers (which have pre-existing and strict rules about advertising and the use of social media). Under the proposed rules, a funding portal:

- Would be permitted to advertise its existence and other limited advertising activities. This rule would not limit the media formats that funding portals could use to advertise (newspaper, internet, social media, etc.).
- Would be permitted to identify issuers or offerings in its advertisements based on an objective criteria that would identify a large selection of issuers, so long as the criteria used do not implicitly endorse one issuer or offering over others and are consistently applied to all issuers and offerings.
- Would be prohibited from receiving special or additional compensation for identifying or highlighting an issuer or offering in its advertisements.

### *Holding or management of securities or funds*

Portals would not be able to hold securities, or act as nominees in the way some commenters have requested, unless registered as Stock Transfer Agents. As discussed above, by statute, funding portals may not hold funds. Under the proposed rules, investors would direct their funds to a qualified third party that has agreed in writing to hold the funds for the benefit of the investors and the issuer and to promptly transmit or return the funds to the person entitled to them.  The proposed rules define a qualified third party as a bank that has agreed in writing either to: 1) to hold the funds in escrow for the persons entitled to them and transmit the funds or return them directly at the completion or cancellation of the offer or 2) establish a bank account(s) for the exclusive benefit of the investors and issuers.  Accepting investor commitments would not be deemed to be the holding of funds.

### *Compliance issues*

In the proposed rules, the SEC notes that funding portals would be required to register as brokers but for the specific exemption from registration that applies to registered funding portals.  As such, the SEC does not exempt funding portals from the compliance requirements applicable to registered brokers. These compliance requirements include the anti-money laundering provisions set forth in Chapter X of Title 31 of the Code of Federal Regulations, customer privacy protections of 17 CFR § 248 as they apply to brokers, and the provisions relating to examination and inspection of books and records and facilities by the SEC and FINRA.

### *Financial interest in issuers*

By statute, the directors, officers, or partners of an intermediary are prohibited from having a financial interest in an issuer using its services.  The proposed rules expand this prohibition to the intermediary itself, and specifically prohibit the intermediary and its leadership from receiving a financial interest in the issuer as compensation for services provided.  The SEC does not make clear if intermediaries or their leadership are prohibited from purchasing securities in a Section 4(a)(6) offering that it provided services for.

## How investors will pay for securities

Because of the way that payments are made in the donation-rewards crowdfunding area, often by credit card, many people have been assuming that credit cards would be used for securities crowdfunding. This may prove not to be the case. There are regulatory issues involved in the purchase of securities using credit (“on margin”) and this is likely to be an area where credit card companies may have to deal with a large number of disputes and potential “charge-backs.” For these reasons, credit card companies may decline to provide their services to this industry altogether, and individual intermediaries may decline to accept credit cards, for either regulatory or economic reasons. Investors will be able to transmit funds to intermediaries (or their escrow agents) by bank transfer, debit card or PayPal accounts linked to debit cards or funds deposited with Paypal.

**FINRA requirements**

FINRA has proposed a streamlined version of registration and regulation for funding portals. Portals would not be subject to some of the more onerous obligations of full broker-dealers, such as capital requirements, and FINRA has not proposed that funding portal personnel be required to pass examinations on securities markets and law, although they will be required to demonstrate that they understand and are capable of compliance with securities regulations.

Funding portals will be subject to FINRA's rules relating to "commercial honor and just and equitable principles of trade" and prohibitions on "manipulative and fraudulent devices." In previous FINRA Notices, the organization has stated that a failure of a member to make a reasonable investigation into a security and the issuer's representations about it can constitute a violation of these rules, as well as the SEC's rules against misleading statements. In other words, funding portals cannot blindly post information about offerings on their platforms.

**Why intermediaries need to check that the issuer has met the conditions of the exemption**

The filing of the information set out above to the SEC is one of the conditions of the exemption from registration for an offering by an issuer. As mentioned above, if an issuer does not comply with all of the SEC's filing requirements, and the omission is not so small that it can fit within the "insignificant deviation" rule, the conditions for the Section 4(a)(6) exemption are not met, and the offer violates the registration requirements of Section 5 of the Securities Act. The remedy for this violation is rescission (i.e., giving the investors their money back; it is like the investors having an ongoing right to "put" the securities back to the issuer). If an intermediary were to host on its platform an offering to which a rescission right applied, and no mention were made of that fact, this would almost certainly be an "omission of a material fact" that the intermediary would be responsible for. Intermediaries should therefore check to make sure the issuers have complied with Regulation CF's requirements, or have a third party do so.

**Simultaneous accredited and crowdfunding offerings**

The SEC makes clear its position that that an offering made in reliance on Section 4(a)(6) should not be integrated with another exempt offering. "Integration" means treating two different offerings made at the same time as if they were one offering, subject to all the conditions of each offering. Because the SEC will not integrate Section 4(a)(6) offerings with other offerings, an issuer may make a Section 4(a)(6) offering that occurs simultaneously with, or is closely preceded or followed by an offering made under Regulation D. While the offers will not be integrated, an issuer must take care that if the Regulation D exemption prohibits general solicitation (e.g. Rule 506(b)) purchasers in that offering may not be solicited by the Section 4(a)(6) offering. Similarly, if the other exemption allows for general solicitation (e.g., Rule 506(c)), then those general solicitations may not include advertisements prohibited under Section 4(a)(6).

It seems likely that "side-by-side" offerings, made to accredited investors under Rule 506(b) or 506(c) alongside offerings to unaccredited friends and family in reliance on Section 4(a)(6), will become popular. Rule 506 does not mandate specific disclosure, but the Mandated Disclosure requirements would be relatively easy to comply with for most issuers making a Rule 506 offering, and if the friends and family tranche were kept below $100,000 (so that no outside accounting costs were involved), the additional costs for a company would be more than offset by the goodwill engendered by including customers and early supporters. In particular, the disclosure requirements under Regulation CF are easier to comply with than the requirements that apply if non-accredited investors are included in an offering under Rule 506(b). Side-by-side offerings of this type would only be able to be made by full-fledged broker-dealers and should not be made without experienced securities law advice.

**Relief for insignificant deviations**

The statutory and regulatory requirements for crowdfunding issuers and intermediaries are complex and extensive, and inexperienced issuers may innocently fail to comply with them. The SEC has proposed a three-prong test that would provide issuers a safe harbor for certain insignificant deviations from a term, condition, or requirement of Regulation CF.

In order to qualify for the safe harbor under proposed Rule 502, the issuer relying on the exemption in Section 4(a)(6) must show:

- The failure to comply with a term, condition, or requirement was insignificant with respect to the offering as a whole;
- The issuer made a reasonable and good faith effort to comply with all terms, conditions, and requirements of Regulation CF; and
- The issuer did not know of the failure to comply, where the failure to comply with a term, condition or requirement was the result of the failure of the intermediary to comply with the requirements of Section 4A(a) and the related rules, or such failure by the intermediary occurred solely in offerings other than the issuer's offering.

The first two prongs are similar to provisions of Rule 508 of Regulation D. So long as the issuer acted in good faith while attempting to comply with the rule, the issuer should not lose the Section 4(a)(6) exemption just because there was a failure to comply with the rule that was insignificant in light of the offering as a whole. The third prong of the safe harbor provision should prevent an issuer from losing the exemption in Section 4(a)(6) because an intermediary violated Section 4A(a).

If the issuer knows of the intermediary's failure to comply with a term, condition, or requirement of Regulation CF, and does nothing to correct it, the issuer will lose the exemption.

**"Bad Actor" provisions and background checks**

***The Bad Actor disqualification***

The SEC proposes that the Bad Actor disqualification applicable to the Section 4(a)(6) exemption be substantially similar to that recently adopted for Regulation D. In the event any of the covered persons outlined below have committed any of the eight enumerated acts, the Section 4(a)(6) exemption is not available. While the language of the rule is substantially similar to that of the Regulation D Bad Actor disqualification, the application of the rule is different because of the positive requirement that intermediaries conduct background checks and securities enforcement regulatory checks.

***Persons covered under the Bad Actor disqualification***

In proposed Rule 503, the SEC provides for six categories of persons covered by the Bad Actor disqualification:

- The issuer and any predecessor of the issuer or affiliated issuer;
- Any director, officer, general partner or managing member of the issuer;
- Any 20 percent Beneficial Owner of the issuer;
- Any promoter connected with the issuer in any capacity at the time of the sale;
- Any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with sales of securities in the offering ("compensated solicitor"); and
- Any director, officer, general partner or managing member of any such compensated solicitor.

Of note, the SEC determined that all officers should be included under the covered persons for the purposes of this disqualification, rather than just executive officers and those officers involved in the offering as is the case in Regulation D. The SEC's rationale is that companies offering securities under Section 4(a)(6) are likely to be startups and small businesses with only a few persons that would even be considered officers.

***Disqualifying events***

As with the Regulation D Bad Actor disqualification, proposed Rule 503 identifies eight classes of events, with varying look-back periods from the date of filing the Form C with the SEC, that would disqualify an issuer and covered person from participating in an offering under Section 4(a)(6). The triggering events are:

- **Criminal convictions**. Any felony or misdemeanor in connection with the purchase or sale of a security, involving the making of any false filing with the SEC, or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities.
- **Court injunctions and restraining orders.** Any order, judgment or decree of any court of competent jurisdiction that restrains or enjoins a covered person from engaging or continuing to engage in any conduct or practice in connection with the purchase or sale of a security, involving the making of any false filing with the SEC, or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities.
- **Final orders of certain regulators.** Any final order of a state securities commission, state banking regulator, state insurance commission, federal banking regulator, the U.S. Commodity Futures Trading Commission, or the National Credit Union Administration that bars the covered person from association with any entity regulated by such commission, authority, agency, or officer; engaging in the business of securities, insurance or banking; engaging in savings association or credit union activities; or that constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct.
- **SEC disciplinary orders.** Any order of the SEC entered pursuant to Section 15(b) or 15B(c) of the Securities Exchange Act, or Section 203(e) or (f) of the Investment Advisers Act of 1940 that suspends or revokes the covered person's registration as a broker, dealer, municipal securities dealer or investment adviser; places limitations on the activities, functions or operations of the covered person; or bars the covered person from being associated with any entity or participating in the offering of any penny stock.
- **Certain SEC cease-and-desist orders.** Any order of the SEC that orders the covered person to cease and desist from committing or causing a violation of or future violation of any scienter-based anti-fraud provision of the federal securities laws; or Section 5 of the Securities Act.
- **Suspension or expulsion from SRO membership or association with an SRO member.** Any suspension or expulsion from membership in, or suspension or bar from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principals of trade.
- **Stop orders and orders suspending the Regulation A exemption**. Any participation in any registration statement or Regulation A offering statements filed with the SEC that was the subject of a refusal order, stop order, or order suspending the Regulation A exemption.
- **United States Postal Service false representation orders**. Any United States Postal Service false representation order, or any temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme

or device for obtaining money or property through the mail by means of false representations.

***Reasonable care exception***

The proposed rules include a reasonable care exception from the prohibition on use of Section 4(a)(6). The reasonable care exception uses the same approach as the Regulation D disqualification rule — the issuer must establish that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed because of the presence or participation of a disqualified covered person. The SEC notes that the reasonable care exception is necessary because there is no central repository that aggregates information from all the federal and state courts and regulatory authorities that would be relevant in determining whether covered persons have a disqualifying event in their past.
In order to qualify for the reasonable care exception, the issuer must make a factual inquiry into whether any disqualifications existed. The SEC notes that the nature and the scope of the factual inquiry would vary based on the circumstances of the issuer and the other offering participants.

***Transition issues***

Under the proposed rules, an issuer or covered persons would not be disqualified from an offering under Section 4(a)(6) as a result of triggering events occurring before the effective date of final rules implementing Section 4(a)(6). In this way, the proposed rules limit the potential unfairness of retroactive disqualification from Section 4(a)(6) offerings. However, an issuer must disclose in the offering materials the existence of events that would have triggered disqualification. Failure to disclose such events could itself result in a finding of securities fraud.

***Obligation to make background and regulatory checks***

As discussed above, proposed Rule 301(c) requires an intermediary to deny access to its platform if the intermediary has a reasonable basis for believing that an issuer or its covered persons is subject to a bad actor disqualification. To satisfy this requirement, the intermediary must conduct a background and securities enforcement regulatory check on the issuer and its covered persons. The SEC does not provide guidance on the content of the required background and securities enforcement regulatory history checks beyond what is necessary to establish a reasonable basis for believing that no disqualifying events are present.

The SEC notes that intermediaries may use the services of third parties to provide diligence and conduct the background and securities enforcement regulatory history checks on issues. The intermediary will still remain responsible for ensuring compliance with the requirements of Securities Act Section 4A(a)(5) and proposed Rule 301(c).

**Liability**

The statutory language expressly set out the liability imposed on issuers for making false or misleading statements and omissions. Section 4A(c) provides that an issuer, including its officers and directors, will be liable to the purchaser of its securities in a transaction under Section 4(a)(6) if the issuer makes an untrue statement of a material fact or omits to state a material fact required to be stated or necessary in order to make the statements, in light of the circumstances under which there were made, not misleading. The company and its officers and directors bear the burden of proof with this respect to this liability: they must show that they did not know, and in the exercise of reasonable care, could not have known of the misleading statement or omission.

The statutory language applies this liability to "any person who offers or sells the security in such offering." The SEC notes, that on the basis of this definition, intermediaries, including funding portals, are subject to this liability. Intermediaries are in a position to exercise reasonable care to eliminate materially false or misleading information. In proposed Rule 403(a), the SEC requires funding portals to implement policies and procedures reasonably designed to achieve compliance with the federal securities laws, which may include conducting a review of the issuer's offering documents before posting them to the platform, to evaluate whether they contain materially false or misleading information.

Issuers and intermediaries should be aware that the JOBS Act and the proposed regulation do not limit liability associated with other anti-fraud rules and statutes of the securities laws that already exist. For instance, issuers would continue to face liability for manipulative or deceptive practices or misleading statements under Rule 10b-5. Additionally, intermediaries, issuers, and anyone who "willfully participates" in an offering could be liable for false or misleading statements made to induce a securities transaction under Section 9(a)(4) of the Exchange Act.

In addition to SEC liability for securities law violation, FINRA imposes liability on funding portals and broker-dealers that violate the FINRA rules of conduct. Under FINRA Rules 2010, 2020, and proposed funding portal Rule 200, brokers and funding portals are required to observe high standards of commercial honor and not to engage in manipulative, deceptive, or other fraudulent devices. Additionally, proposed funding portal Rule 200 prohibits a funding portal from including on its website information from an issuer that the portal knows or has reason to know contains any untrue or misleading statement.

**State law**

Under the JOBS Act, the states are pre-empted from requiring registration of Section 4(a)(6) offerings, but there is no restriction of their ability to take enforcement action with respect to fraud or deceit by issuers, brokers or funding portals. States may impose fees if they are the principal place of business of the issuer or if more than half the purchasers of a crowdfunding offering are in that state. A funding portal’s home state may regulate the portal, but cannot impose different or additional rules.

The SEC declined to mandate that the issuer provide any information directly to state securities regulators on the assumption that state securities regulators would be able to access the issuer's mandatory disclosures on EDGAR.

**Resale restrictions**

Securities issued pursuant to Section 4(a)(6) are not freely transferrable by the purchaser for one year after the date of purchase. The statutory text outlines four situations in which a transfer may be made prior to the end of the one-year period; the SEC did not significantly alter these provisions in its proposed Rule 501. Prior to the end of one year, transfers may be made:

- To the issuer of the securities;
- To an accredited investor;
- As part of an offering registered with the SEC; or
- To a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser, or in connection with the death or divorce of the purchaser.

The SEC did not provide guidance or structure with respect to subsequent trading of crowdfunding securities. However, it should be noted that the JOBS Act pre-emption of state regulation applies only to the initial offer and sale of securities by the issuer. After the end of the statutory restriction on transfer, investors would likely be able to transfer their securities to someone else without registration at the federal level, in reliance on Section 4(a)(1) of the Securities Act. However, subsequent trades must also be made in accordance with state law (which is only preempted when the issuer is a full SEC-reporting company), and the law varies widely from state to state with respect to how securities of non-public companies can be resold. Crowdfunding securities will thus be extremely illiquid.

Any entity providing an exchange or market or liquidity facility for the resale of crowdfunding securities would need to be registered with the SEC as a stock exchange or alternative trading system.

**Crowdfunding securities and registration under the Exchange Act**

The Exchange Act typically requires companies to become reporting companies under the Exchange Act when their shares are held of record by 2,000 persons or 500 persons who are not accredited investors. Recognizing that offers under Section 4(a)(6) are likely to bring in many shareholders, the JOBS Act exempts Section 4(a)(6) securities from the shareholder threshold. The SEC interpreted the statute in proposed Rule 12g-6 to provide that securities issued pursuant to a Section 4(a)(6) offering would be permanently exempted from the holders of record count under the Exchange Act. In other words, the exemption follows the security, not the purchaser. So if a purchaser resells Section 4(a)(6) securities to another person after one year, there is no change to the number of holders of record. Issuers will have to make sure their securities sold under Section 4(a)(6) bear clear identification as such, such as the identifier being developed by CrowdBouncer.

**Next steps**

The SEC has proposed rules and opened the comment period. In accordance with the Administrative Procedures Act, the comment period will be open for 90 days from the date the proposed rules are published in the Federal Register. The comment period on the FINRA Proposed Funding Portal Rules will continue until February 3, 2014. The SEC will have to take time to consider all the comments it receives and incorporate those comments into final rules. This typically takes several months. The final step will require the SEC to approve final rules which will become effective 60 days after being published in the Federal Register. Funding portals will not be able to participate in crowdfunding offerings until FINRA finalizes its rules and completes the funding portal registration process.

**How CrowdCheck can help**

Section 4(a)(6) and proposed Regulation CF place considerable obligations and potential liability on both issuers seeking investment via crowdfunding and the intermediaries who assist them; CrowdCheck can help.

- CrowdCheck assists issuers in preparing and filing their required disclosures so they are complete, compliant, and accurate, and provides those disclosures to the SEC, intermediaries, and potential investors in an easy to use and understand format.
- CrowdCheck helps intermediaries perform their required investigations into issuers and their offerings and ensures the issuers are not disqualified under the Bad Actor provisions or making misleading misstatements, mitigating the risk of fraud and liability.
- CrowdCheck works with intermediaries to educate potential investors.
- CrowdCheck offers solutions to help issuers comply with the ongoing disclosure requirements.

*This is only a summary of the proposed rules, and is intended for general information only. These are only the proposed rules; the final rules may differ materially from what is summarized here. As always, you should consult legal counsel if you have any questions about how the rules may apply to you or your business. Contact CrowdCheck for more information about the rules and the ways we can help.*

www.crowdcheck.com
info@crowdcheck.com
@crowdcheck
571 483 3665


October 2013