The JOBS Act and Crowdfunding: Harnessing the Power-and-Money-Of the Masses

Summary
- 1. What is Crowdfunding?
  - The JOBS Act of 2013, Regulation Crowdfunding.
- 2. The Main Issue/Question: will allowing funding platforms to take greater fees from successful campaigns incentivize these platforms to ensure that investors are buying securities from higher-quality businesses?
- 3. Solution
The JOBS Act and Crowdfunding: Harnessing the Power-and-Money-Of the Masses
Summary

1. What is Crowdfunding?
   - The JOBS Act of 2013, Regulation Crowdfunding

2. The Main Issue/Question: will allowing funding platforms to take greater fees from successful campaigns incentivize these platforms to ensure that investors are buying securities from higher-quality businesses?

3. Solution

Thecasesolutions.com
What is Crowdfunding?

"The practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet."

Types of Crowdfunding:
- Rewards-Based
- Donation-Based
- Equity
- Debt

Thecasesolutions.com
The JOBS Act and Regulation Crowdfunding

- Creates an exemption to the '33 Act's registering requirement for small companies who use equity/debt crowdfunding to raise capital
- Places limits on the amount of money issuers can raise
- Places limits on the amount of securities a single issuer can buy

Thecasesolutions.com
The Issue

What more can Regulation Crowdfunding do to protect investors?

- inexperienced issuers + inexperienced investors + lack of due diligence requirements + start-up funding platforms
- Question: How can we use Regulation Crowdfunding to incentivize funding platforms to ensure the businesses using their websites are good quality?
- Answer: just a little bit of flexibility...

Thecasesolutions.com
The Solution
Allowing funding platforms the flexibility to take transaction-based compensation:
  • rewards funding platforms for hosting successful campaigns
  • incentivizes platforms to make sure that their businesses are of good quality and are making the right disclosures
  • opens up another revenue stream that will allow for more resources devoted to due diligence

Thecasesolutions.com
The JOBS Act and Crowdfunding: Harnessing the Power-and Money- Of the Masses