

CrowdFunding and The JOBS Act: Economic Solution or False Messiah?

FIRMA - April 2015 – Nashville
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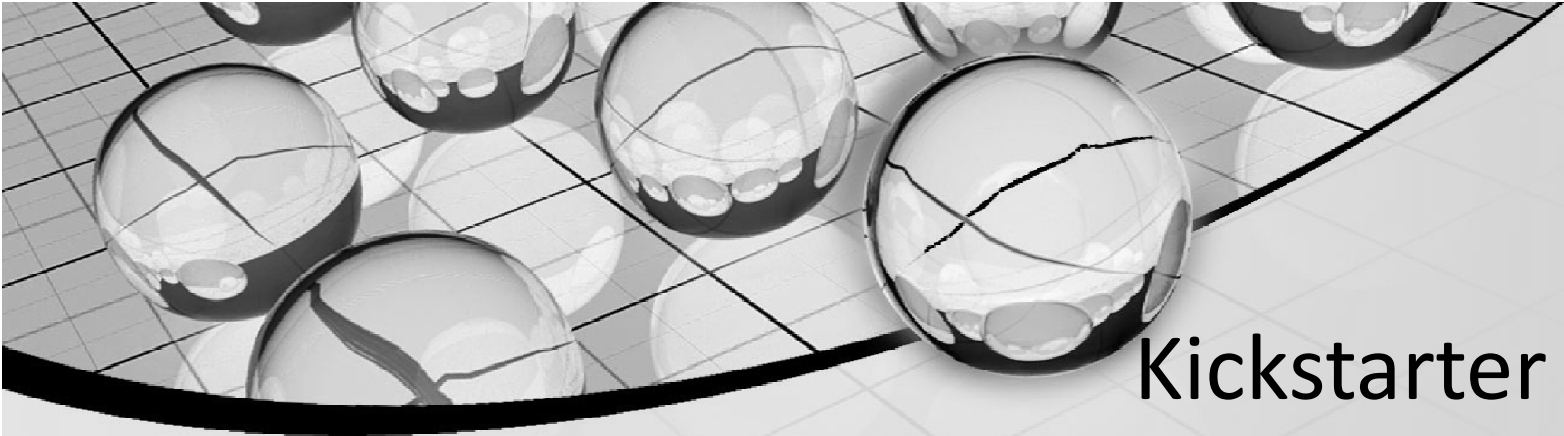
Status of JOBS Act Titles

- TITLE I – IPO On Ramp Effective
- TITLE II – general solicitation Effective
- TITLE III – CrowdFunding Pending
- TITLE IV – Reg A+ for small IPOs Pending
- Title V – raise shareholder limit Effective
- Title VI – Bank Capitalization Pending
- Title VII – legal outreach Effective



Kickstarter: Reward CrowdFunding

- Not investment CrowdFunding but Indicates potential for investment CrowdFunding
- Set to top \$1B this year
- 2.5 million users and just the tip of the iceberg
- 100 companies have already topped \$1 million
- Recent company raised **\$18 M in 21 days**
- Can a company to raise \$100 M?



Kickstarter history
and how long before a company
CrowdFunds \$100 million in 30 days?

[https://youtu.be/PDBTqT2FaLE?
t=2m42s](https://youtu.be/PDBTqT2FaLE?t=2m42s)



Why CrowdFunding Matters

- Risk management is cornerstone of investing
- New approaches needed after 2008
- CrowdFunding might be part of future normal



Title II; Angel Syndicates

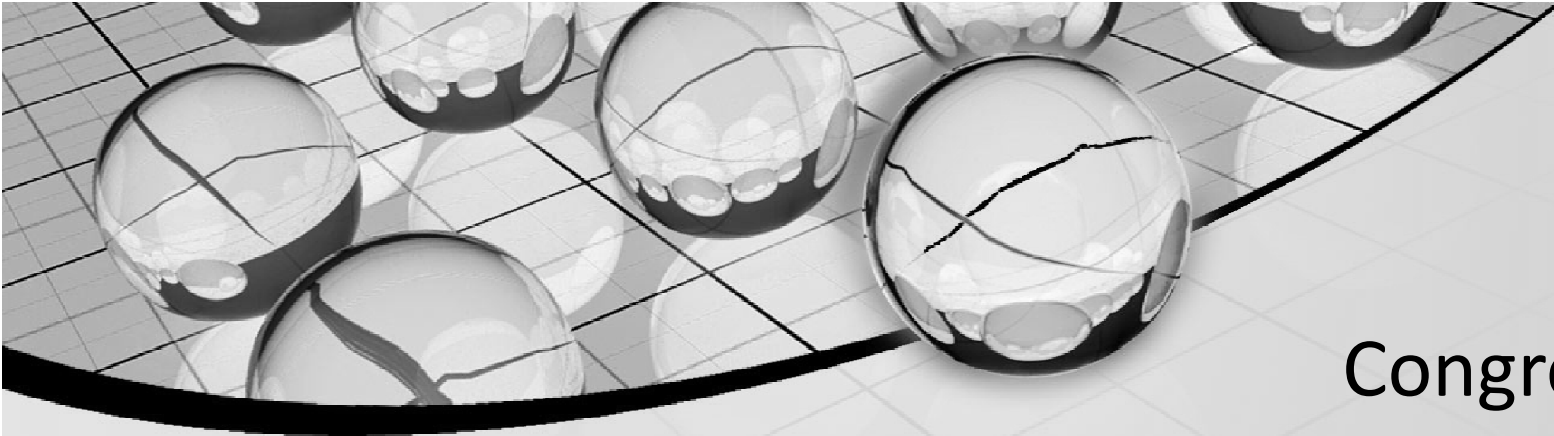
- AngelList has 30,000 Angels
- \$127 million run rate

<https://youtu.be/iD5XVAu65nc?t=12m23s>



Title II So Far Real Estate Rules

- Bloomberg expects Real Estate CrowdFunding to top \$2.5 Billion in 2015
- The CrowdFund 50 Index



Title III
Congressman
Patrick McHenry:

"We did not get this right."

<https://youtu.be/XZ-czQkc0S8?t=10m32s>





Promise of Investment Crowdfunding

- \$300 Trillion predicted for Crowdfunding
- Solves capital deserts
- Creates jobs & stimulates the economy



Reg A+: A Sleeping Giant Title IV

- An easier way to go IPO
- Pre-empt blue sky
- Less costly and less reporting than S-1
- Shares are free-trading



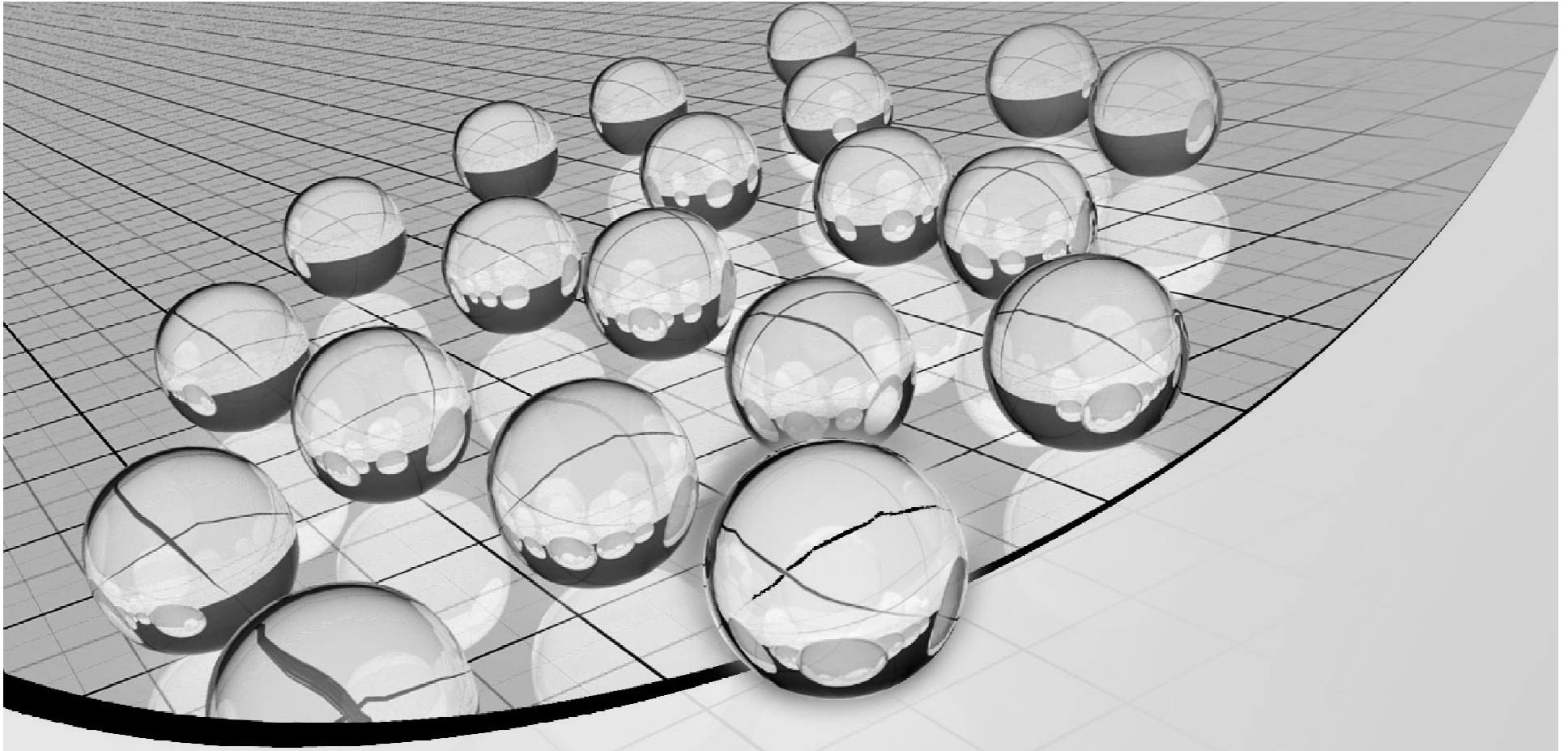
Four Predictions For Reg A+ Title IV

- Freely tradable shares
- Light reporting
- Pre-empts Blue Sky
- Regional Venture Exchanges for liquidity



Six Predictions For A New CrowdFunding Bill By Fall 2015

- Higher limits on issue amounts (\$5M - \$10M)
- Flexibility for intermediaries
- No audits for smaller raises
- No intermediary required
- Test the waters
- Restart small IPOs giving investors opportunities in growth companies through online portals



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