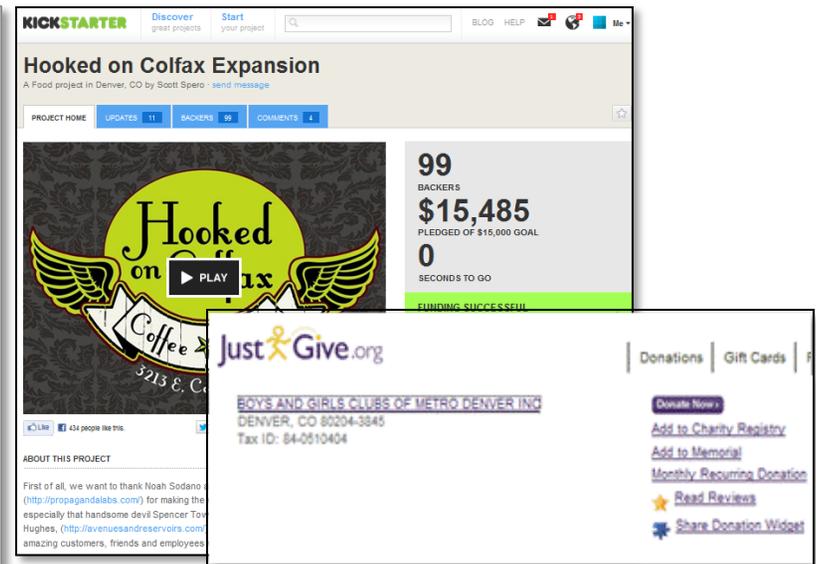


# CROWDFUND Act Background

## WHAT IS CROWDFUNDING?

Crowdfunding is when a lot of people each contribute small amounts of money online/through the internet towards a common purpose or objective. You may be familiar with web sites like Kickstarter and Indiegogo, as well as Just Give or DonorsChoose.

Prior to the 2012 JOBS Act, companies could not use an internet-based intermediary to offer unaccredited investors an equity interest in a company without first registering as a broker-dealer. For many small companies broker-dealer registration can be cost-prohibitive.



## WHAT DOES THE LAW DO?

The CROWDFUND Act provides a responsible solution: allowing for-profit companies to raise money (up to \$1M/year) through internet-based intermediaries (who will register with the SEC), while still maintaining protections for ordinary investors.

## WHEN CAN I START USING CROWDFUNDING TO RAISE EQUITY?

You will need to wait until sometime in 2013 after the Securities and Exchange Commission (SEC) releases the new rules and regulations for this new type of equity investing. The SEC has until **December 31, 2012**.