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September 19, 2014

VIA U.S. POST AND EMAIL

faith.anderson@dfi.wa.gov

Faith L. Anderson, Esq.
Chief of Registration
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033

RE: Proposed Rulemaking to Implement Washington Crowdfunding Exemption

Dear Faith:

On behalf of the Entrepreneurship Champions Group of Greater Spokane Incorporated, we are writing to submit our comments regarding the proposed rules for crowdfunding under the Washington Jobs Act of 2014 (the "Proposed Rules").

Greater Spokane Incorporated ("GSI") is a nonprofit corporation that serves as the Spokane region's chamber of commerce and economic development council and is designated by the Board of County Commissioners of Spokane County and Washington State as the associate development organization ("ADO") for Spokane County. The Entrepreneurship Champions Group is an ad hoc sub-committee of GSI comprised of a variety of community leaders who are dedicated to building an ecosystem to facilitate the growth of startup businesses and entrepreneurial activities in the Spokane region.

We are grateful that the Washington legislature has acknowledged that start-up companies play a critical role in creating new jobs and revenues and that in order to grow, these new businesses need greater access to capital than is currently available. We also appreciate the time and effort the Securities Division has dedicated to drafting the proposed rules and the Washington Crowdfunding Form.

Although we are generally in favor of the intent of the Proposed Rules, we do share the concerns that have been expressed by other commentators with regard to whether some of the requirements under the Proposed Rules would create an unreasonable burden for a start-up business and the apparent ambiguity as to what activities constitute the Activities of Portals under proposed WAC 460-99C-210. Our specific concerns are as follows:

WAC 460-99C-180: Quarterly Reporting Requirements

The Proposed Rules include a requirement that an issuer's quarterly financial statements be prepared in accordance with generally accepted accounting principles ("GAAP") even though RCW

21.20.880, as adopted by the legislature, does not require quarterly financial statements prepared in accordance with GAAP and only requires information regarding executive officer and director compensation and a "...brief analysis by management of the issuer of the business operations and financial condition of the issuer."

We are concerned that requiring a small, thinly staffed, start-up business with limited resources to prepare quarterly financial statements in accordance with GAAP will be an unreasonable burden for many start-up businesses that will negate the viability of the Washington Crowdfunding Exemption as a practical option for such companies to raise capital. This additional burden contradicts the legislative intent of creating an exemption from registration that is less onerous than existing exemptions in order to create greater access to capital than is currently available.

Although the Securities Division has a duty to protect investors and we recognize that this heightened disclosure requirement is proposed with that goal in mind, we encourage the Securities Division to consider that the most important protection to crowdfunding investors is the aggregate investment limitations that limit the amount of money any single investor may put at risk, and the most important time to provide investors with disclosure information is prior to them making an investment decision. The Washington Crowdfunding Form, as proposed by the Securities Division, is comprehensive enough to provide adequate disclosure to an investor before they invest. Rather than providing additional protection for an investor's investment, an overburdensome regime of quarterly disclosure requirements may actually increase the likelihood that a start-up business will fail.

We therefore respectfully request that the Proposed Rules be revised to incorporate the principles of financial disclosure already present for corporations under Washington law in RCW 23B.16.200. This existing statute strikes a reasonable balance of providing shareholders with rights to sufficient information to evaluate the ongoing status of their investment and only requires shareholders to be provided with financial statements prepared in accordance with GAAP if a company is already preparing financial reports and statements in accordance with GAAP for other purposes.

WAC 460-99C-210: Activities of Portals

As currently drafted, a "portal" is required to obtain certain information about an issuer planning a crowdfunding offering "...prior to offering services to the issuer or forwarding the issuer's materials to the director." The services listed in draft Rule 460-99C-210(2) include providing assistance with a business plan or providing referrals to legal, business consulting and accounting services.

As our region's ADO, it is not uncommon for GSI staff to provide informal input on a proposed business plan or offer referrals to local service providers within our community when asked to do so by local businesses. Unless GSI voluntarily decides to act as a "portal" and assist an issuer with preparing a Washington crowdfunding filing to be submitted to the director, GSI would not want to be involuntarily deemed to be a portal simply because it provides such customary services.

Faith L. Anderson, Esq.
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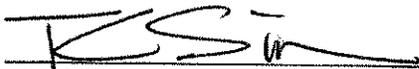
We note that RCW 21.20.883(4) and (5) contemplate that a portal would be offering such services, if and when the portal is assisting in the preparation of a Washington crowdfunding filing, by forwarding materials to the director and working "...in collaboration with the director for the purposes of executing the offering upon filing with the director." The intended scope of the statute therefore appears to be focused on those persons that are assisting an issuer by actually submitting a filing to the Securities Division on behalf of an issuer.

We therefore respectfully request that draft Rule 460-99C-210 be modified to clarify that an entity that qualifies to be a portal will not be deemed to be a portal unless such entity specifically chooses to file the Washington Crowdfunding Form with the Securities Division on behalf of an issuer.

Thank you for your consideration of these comments and for your work on behalf of Washington's startup community.



Linda Elkin
Board Chair, Greater Spokane Incorporated
Regional President, U.S. Bank



Tom Simpson
Board Member, Greater Spokane Incorporated
Managing Partner, Kick Start
Co-Founder and Chairman, etailz

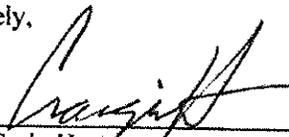


Lisa Brown
Chancellor, WSU Spokane

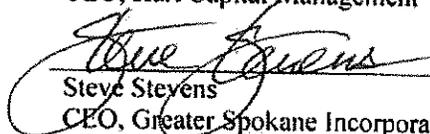


Richard Repp
Principal, Witherspoon-Kelley

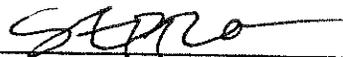
Sincerely,



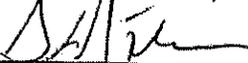
Craig Hart
Board Member, Greater Spokane
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Steve Stevens
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Steve Trabun
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