

July 16, 2012

Headline:

SEC Misses First JOBS Act Deadline: Will They Meet End of Year Deadline?

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The House gave overwhelming approval of the JOBS Act in a [380-41 vote](#) on March 27 and was signed by President Obama on April 5. The JOBS Act is a bill intended to make it easier for startups and small businesses to raise funds, especially through crowdfunding.

For many American business leaders and people in the crowdfunding/startup world this was an [exciting victory](#). But now the bill faces a new round of challenges. As Trevor Gilbert of PandoDaily stated, “If you thought the uphill battle was getting the JOBS Act passed, you were wrong. The real challenge is getting it implemented.”

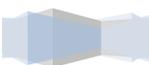
Gilbert is referring to the 270-day period from the April 5 enactment date to the deadline of December 31. Many investors and startups have their doubts the SEC will meet the December 31 deadline. Especially since the SEC missed their first rulemaking deadline of July 4, regarding the implementation of changes to Securities Act Rule 506 regarding lifting the ban on general advertising for private securities offerings.

SEC Chairman Mary Schapiro testified before a U.S. House oversight panel on June 18 stating the deadlines imposed by the JOBS Act were “not feasible” to meet the 90-day deadline for the implementation of changes to Securities Act Rule 506.

Since the SEC was unable to meet their first deadline there has been much talk that they will also miss the ultimate deadline of December 31. And not simply because they’re too busy (which I bet they are -- considering they’re more than one year overdue regarding implanting the Dodd-Frank reforms) but also because SEC Chairman Mary Schapiro has been such an outspoken critic against the JOBS Act all along.

Prior to the passage of the bill, Schapiro expressed reservations that several portions of the law — specifically the exemptions for “emerging growth companies” — would remove important investor protections. Because of this many fear the SEC may simply be stalling for time in order to declaw the bill and only implement the parts it agrees with. The SEC is able to make rules in 22 places in the bill, Karen Kerrigan, president of the Small Business and Entrepreneurship Council, said April 19 at the first [Crowdfunding Conference](#) in New York.

So will entrepreneurs have to wait until 2014, as [Trevor Gilbert predicts](#), in order to benefit from this new legislation? According to Schapiro, this is not the case. After the Act was signed into law by President Obama, Schapiro has promised to implement the law as fast as possible. In fact, Schapiro testified before the U.S. House oversight panel, stating, “I don’t foresee not meeting



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this deadline [of December 31]. The staff is working hard on it, there are lots of rules as you know, we are working already on the issue disclosure requirements which are fairly straightforward, but also the intermediary and funding portal requirements of the statutory provision. It's challenging, but I don't have reason to tell you that we won't meet that deadline."

Only time will tell when the JOBS Act will be implemented. But I can assure you that I, along with many others in the crowdfunding world, will be paying very close attention to this.

And In the meantime I'll leave you with five steps startups can take to prepare their business and better position themselves to take advantage of this new crowdfunding legislation once it goes into effect:

(Courtesy of Tanya Prive, founder of [Rock The Post](#))

1. Get all the documents in place. [This includes your] business plan, incorporation documents, business plan, financial forecasts and a full executive team bio.
2. Do market research. Get all the facts in place in order to have a strong argument as to why people should fund your project.
3. Put together an Excel sheet of all the contacts you have and start asking key people if they are willing to share their contact list as it pertains to your audience. The concept of crowdfunding involves work from the user seeking funds as they need to leverage their networks and ask their networks to lend a hand. We found that the initial 30-40% of activity actually comes from the user's network.
4. Start making your video. Projects with videos are wildly more successful. In the video, it is important that you sell yourself, explain in three minutes or less your entire project and entice people to jump on board.
5. Start to craft your pitch in the best possible way. Think like a public relations and marketing guru in order to find the best way to tell your story.

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