

CROWDFUNDING 101

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CROWDSOURCING

ACCORDING TO JEFF HOWE

- Crowd wisdom
- Crowd creation
- Crowd voting
- Crowd funding



CROWDFUNDING TYPES

BY MARTY ZWILLING

- Good cause crowdfunding
- Rewards-based crowdfunding
- Pre-order crowdfunding
- Debt-based crowdfunding
- Start-up equity crowdfunding

-Marty Zwilling
Will the Real Crowdfunding Model Please Stand Up?

The in-depth Kiva Zip loan process

- Trustee fills out an application form, explaining why they want to be a trustee This is a one-time, online form, and takes only about 30 minutes to complete
- For every borrower they endorse, a trustee writes a 'trustee endorsement.' When the trustee has submitted the endorsement, the borrower completes a 'loan application' This is a longer application form, but is all online to make life easier!
- Once the loan application is submitted, the trustee gets a chance to re-view the loan
- The trustee can approve it if they are happy with it, or suggest changes if they prefer
- Finally, the Kiva Zip team will review the loan, before posting it to the website to begin fundraising From there, most loans take about 3-4 weeks to fully fund.



CROWDFUNDING FOR COOPERATIVES

- Cooperatives in California can sell memberships to the public for under \$300 exempt from the rules regarding securities offerings
- Cooperatives in Colorado are exempt regardless of the membership contribution
- Other states may have exemptions from securities offering requirements that will make crowdfunding possible, if most of business is in-state, and securities are offered only to residents of that state
- Farmer owned cooperatives that receive IRS tax-advantaged status under Section 521 are exempt from both federal and state securities registration requirements
- This is what has allowed Organic Valley Cooperative to raise money from the public without expensive compliance costs

Crowdfunding and the Law
Shareable.net



CROWDFUNDCONNECT'S COOPFUNDR



THE JOBS ACT

(JUMP-START OUR BUSINESS STARTUPS ACT)

U. S. Legislation passed Congress with bi-partisan support and was signed into law by the president in the Spring of 2012.

According to its proponents it would remove regulatory hurdles for small businesses and allow fast growing start-up companies to raise capital from private investors and in public markets.

The Securities and Exchange Commission would draft the specific guidelines.

THE JOBS ACT

(JUMP-START OUR BUSINESS STARTUPS ACT)

Specifically the legislation would....

Remove the restrictions on advertising or soliciting investments

Change who could qualify as an accredited investor

Loosen the reporting requirements of the SEC, including provisions of the Sarbanes-Oxley Act

THE 'CHALLENGES' OF CROWDFUNDING

-BILL CLERICO

Fraudulent entrepreneurs with a slick video can dupe thousands into investing in a ghost company or nonexistent product

Incompetent entrepreneurs can fail to deliver on their promises and waste millions of dollars of other people's money

Unsatisfied investors can dispute their transactions and amass huge liabilities for the platforms and payment processors

Insecure platforms can risk credit card data, misappropriate funds or violate federal or state statutes

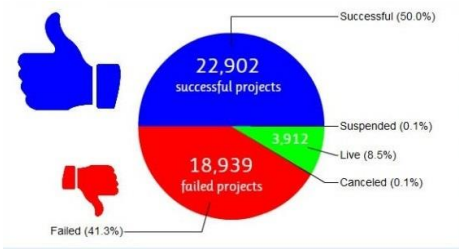
HOW TO MAKE THE BEST CROWDFUNDING PITCH

-MOHANA RAVINDRANATH

1. Your story should be authentic, clear, and precise
2. Don't assume your audience are experts in your field or even in investments
3. Choose your audience
4. Show the funders what you already have
5. Choose the crowdfunding platform carefully

KICKSTARTER SUCCESS RATE

-MASHABLE, 2012



THE OHIO CROWDFUNDING TEAM



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