

Crowdfunding, the Savior for the Entrepreneur

Something exciting has happened in the entrepreneurial world, and I want to share it with everyone. The [JOBS Act](#), passed by both houses of Congress in March and signed into law on April 5th, will generate big changes for the growth of small and mid-sized businesses. One of the major amendments in this bill would allow [crowdfunding](#). I see this evolving into a significant means for companies to access increased funding, and it is a great way for small investors to find more opportunities to devote their money to companies with which they are more closely involved. Given how connected we are through social media and the internet, this is ripe for the times!

So what is [crowdfunding](#)? It is the opportunity for your business to use a website and social media to allow others with an interest and small sums of money to invest. Prior to this bill, the [Securities and Exchange Commission \(SEC\)](#) would only let a small number of people invest in one business, but once your business passed that limit, other investors were required to have a large income or net worth, or you would have to register as a security with the SEC. Crowdfunding will eliminate all this red tape and provide the opportunity to truly democratize the investment process.

This can be compared to a New York law which passed in 1811, changing the liability requirements for corporations and making it easier to establish one with minimal requirements. This allowed investors to hold a diversified portfolio of stocks without regard to the debts of the companies in which they invested. This freed up money to move in areas it was needed, which at the time included textile mills due to our challenges with Britain ([War of 1812](#)) reducing trade.

That timely law allowed money to flow where it was needed. Today, we have a similar environment where businesses can't get the funding they need to grow because of all the bank problems. Banks withhold lending because they fear the bad economy, have experienced many losses already, and must hold more money in reserves due to increased government regulation. This starves the entrepreneur from the funding needed to take advantage of various opportunities.

Given my history with investments as well as the historical results when we democratize people, government, business, and investments, I see the start of a new era. Investing in a portfolio of startups will become as common as mutual fund investments! Does your business need capital to grow and could crowdfunding be the advantage you have been looking for to explore new opportunities?

[Theophylline](#)