Dear Sirs: To quote President Ronald Reagan when debating Walter Mondale, “there you go again.” I am certain FINRA, in your missionary zeal to take risk out of investing by calling it “protection of the public,” means well. But you are committing at least two grievous errors in the promulgation and expansion of Rule 5122.

One, you are not ready for the flood (dare I say tsunami?) that will hit your house, by requiring every “reg D” exempt offering be sent you for review. There are many thousands of such programs, and to pretend you can handle the overwhelming mass of prospectuses that will drown your mailroom is specious. Or, by enacting this requirement, do you intend to squeeze out accredited-only programs from raising any money? The investing public that has at least $1 million in net worth, after deducting their homestead, should have the right to take risk in exchange for investment opportunity. Who are you to deny or restrict them in that right?

And who died and appointed you the arbiter of how much it costs as a percentage of that capital to offer such programs? Setting an arbitrary stake in the ground (at 85 cents on the dollar) is to presume you know what things cost in the real estate, oil and gas, equipment leasing, commodity, hedge fund, et al syndications. The last time I looked, you had never operated any of those businesses. Yet you blithely cast restrictions upon others without such knowledge, certain that restrictions are somehow “good,” and that syndicators are somehow, “bad.” “Caveat emptor,” should be the wealthy investors’ watchword when it comes to private placements, not a Rule in a “harmonized” Manual.

I am certain there are other onerous aspects to your Rule proposal, and given time, I would comment on them. However, these two points are among the most serious for you to please reconsider. Thank you for such reconsideration,

Ken George, former District 6 Committee member 2007-2010, and
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