

# CROWDFUNDING 101

Is your (or your client's) startup ready for crowdfunding? Here's an easy view of the different types of crowdfunding, their benefits, limitations and related regulations.

	REWARDS CROWDFUNDING	ACCREDITED CROWDFUNDING	FEDERAL CROWDFUNDING	STATE CROWDFUNDING	MINI PUBLIC OFFERING
<b>Who Can Participate?</b>	Just about any adult	Accredited investors only	Accredited and non-accredited investors	Usually limited to investors in same state as the company	Accredited and non-accredited investors
<b>What Do Participants Get?</b>	Rewards (e.g., branded merchandise; early release of new product)	Ownership stake	Ownership stake	Ownership stake	Ownership stake
<b>Investment Limitations for Companies</b>	None	None	\$1 million per 12 months	Varies by state	No more than \$50 million per 12 months (for Tier 2 offering)
<b>Investment Limitations for Investors</b>	None	None	Depends on investor's income/net worth (max. of \$100K per 12 months)	Varies by state	None for accredited investors; non-accredited investors limited to 10% of annual income/net worth
<b>Advertising Restrictions</b>	None	Can only advertise publicly if company takes reasonable steps to verify all investors are "accredited"	Can only advertise limited information ("tombstone" ads); must direct investors to funding portal for more info.	Varies by state	Ads required to include securities law legends; "testing the waters" communications must be filed with SEC
<b>Relevant Laws and Regulations</b>	<a href="#">Consumer protection laws and regulations</a>	<a href="#">Securities Act Section 4(a)(2); Rules 506 (b) and (c) of Regulation D</a>	<a href="#">Securities Act Section 4(a)(6); Regulation Crowdfunding</a>	<a href="#">Securities Act Section 3(a)(11); Rule 147</a>	<a href="#">Securities Act Section 3(b)(2); Regulation A Section 3 Registration Exemptions: Chart</a>

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